MSEB HOLDING COMPANY LIMITED

(Govt. of Maharashtra Undertaking)

15th Annual Report 2019-2020

MSEB HOLDING COMPANY LTD.

15th Annual Report for Financial Year 2019-2020

CONTENTS

MSEB HOLDING COMPANY LIMITED

Board of Directors for the Financial Year 2019-2020
(upto the date of Annual General Meeting)

Chairman

Shri. Chandrashekhar Bawankule
(Hon'ble Minister of Energy, Maharashtra) Upto 09/11/2019

Shri. Balasaheb Thorat
(Hon'ble Minister of Energy, Maharashtra) From 12/12/2019 to 05/01/2020

Dr. Nitin Raut
(Hon'ble Minister of Energy, Maharashtra) From 05/01/2020 till date

Vice Chairman

Shri. Madan Yerawar
(Hon'ble Minister of State for Energy, Maharashtra) Upto 09/11/2019

Shri. Prajakt Tanpure
(Hon'ble Minister of State for Energy, Maharashtra) From 05/01/2020 till date

Managing Director

Shri. Arvind Singh - Upto 05/11/2019
Shri. Sanjeev Kumar - From 05/11/2019 to 17/01/2020
Shri. Aseem Kumar Gupta - From 17/01/2020 till date

Non Executive Director

Shri. Arvind Singh - (Upto 05/11/2019) (MD Maha Genco)
Shri. Sanjeev Kumar - From 05/11/2019 to 17/01/2020 (MD Maha Genco)
Smt. Shaila Abu - From 17/01/2020 to 10/08/2020 (MD Maha Genco)
Shri. Sanjay Khandare - From 10/08/2020 till date (MD Maha Genco)
Shri. Sanjeev Kumar - Upto 17/01/2020 (MD Maha Discom)
Shri Aseem Kumar Gupta - From 17/01/2020-till date (MD Maha Discom)
Shri. Parrag Jaiin Nainutia - Upto 23/01/2020 (MD Maha Transco)
Shri. Dinesh Waghmare - From 23/01/2020-till date (MD Maha Transco)
Shri. Vishwas Pathak - Upto 08/01/2020 (Govt. Nominee)
Shri R. B. Goenka - Upto 29/01/2020 (Govt. Nominee)

Director (Finance) & Chief Financial Officer

Shri. Sunil Pimpalkhute - From 04/08/2018 till date

Director (Security & Enforcement)

Shri. Anup Kumar Singh - From 16/05/2019 till date

Independent Director

Shri. Prakash Page - Upto 21/05/2019

Company Secretary

Shri. Subodh Rameshravji Zare - w.e.f. 21/08/2015

DIRECTORS' REPORT

To,
The Members,
MSEB Holding Company Limited

The Directors have pleasure to present the 15th Annual Report of your Company during the financial year ended on 31st March, 2020 along with Audited Financial Statements for the year ended 31st March, 2020.

1. FINANCIAL RESULTS:

(Amt. in Rupees)

Particulars	2019-20	2018-19
Total Income	84,15,89,659	84,49,09,512
Expenses		
Employees remuneration and benefits	6,64,12,654	4,79,73,682
Other Expenses	28,49,63,255	24,85,78,427
Depreciation	46,11,99,346	46,27,33,902
Total Expenses	**81,25,75,255**	**75,92,86,011**
Profit/(Loss) Before Tax	**2,90,14,404**	**8,56,23,501**
Provision for Tax- Current year tax, Previous year tax and deferred tax (net)	(16,97,73,153)	40,79,78,523
Profit/(Loss) after Tax	**19,87,87,557**	**(32,23,55,022)**
Items that will be reclassified to profit or loss	(60,03,055)	22,58,477
Comprehensive Income for the period	**19,27,84,502**	**(32,00,96,545)**

The major element of revenue for the Company is rentals from the properties of the company leased to subsidiaries for their use.

During the year under review, there is a profit before Tax of Rs. 2.90 crores as against Rs. 8.56 crores for the previous year 2018-19. The total profit after tax for the current year 2019-20 is Rs. 19.88 crores as compared to Loss of Rs 32.01 crores for the previous year 2018-19. This is mainly because of substantial increase in Deferred tax Liability.

The total gross asset base of the Company at the end of 31.03.2020 was Rs. 1,485.06 crores.

2. FINANCIAL HIGHLIGHTS:

i) The Total Income includes amount of Rs. 81.62 crores towards rentals received from the subsidiaries for use of the properties of the Company.

ii) It also includes interest received on Fixed Deposits of Rs. 2.15 crores and other miscellaneous income or Rs. 0.38 Crores.

iii) On transition to Ind AS, following adjustments have been made in the accounts:

a) The Company has opted to continue with the carrying value of all Investment Properties recognised as at 1st April, 2015 measured as per previous Generally Accepted Accounting Principles (GAAPs) specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act, 1956 and use that carrying value as the deemed cost of the investment property.

b) Freehold land and office buildings have been classified as Investment properties.

c) Expected Credit Loss of Rs. 3.91 crores has been provided during the year on Rent receivables.

d) The figures for the previous year 2018-19 have been restated.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There is no change in the nature of business of the Company.

4. DIVIDEND:

In view of profits arising out of deferred tax liability provision for the year and considering the accumulated losses, no dividend has been recommended by the Board of Directors for the financial year ended 31st March, 2020.

5. EXTENSION FOR HOLDING ANNUAL GENERAL MEETING (AGM):

Your Company had applied for extension for holding of the 15th Annual General Meeting to the Registrar of Companies, Maharashtra, Ministry of Corporate Affairs, Govt. of India. The RoC has vide its letter dated September 17, 2019 granted extension of 3 (Three) months for holding the Annual General Meeting.

6. DIRECTORS:

6.1 Shri. Anup Kumar Singh, IPS was appointed as Whole-time Director designated as Director (Security & Enforcement) w.e.f. 16/05/2019 pursuant to the Order of the Govt. of Maharashtra.

6.2 Shri. Prakash Vithal Page, Independent Director completed his tenure on 21/05/2019, and accordingly ceased to be Director.

6.3 Shri. Ashok Sethi was appointed as Independent Director w.e.f. 18/06/2019.

6.4 Shri. Bipinkumar Punambhai Shrimali, CMD, MSPGCL ceased to be an ex-officio Director on the Board w.e.f. 13/08/2019.

6.5 Shri. Arvind Gaurishankar Singh, Pr. Secretary (Energy) and Managing Director of the Company ceased to be Director w.e.f. 05/11/2019 pursuant to the Govt. Order.

6.6 Shri. Sanjeev Kumar was appointed as Pr. Secretary (Energy) and Managing Director of the Company w.e.f. 05/11/2019 pursuant to the Govt. Order.

6.7 Shri. Chandrashekhar Krishnarao Bawankule, Hon'ble Minister of Energy, Maharashtra, ex-officio Chairman ceased to be a Director w.e.f. 09/11/2019.

6.8 Shri. Madan Madhukarrao Yerawar, Hon'ble Minister of State for Energy, Maharashtra, ex-officio Vice-Chairman ceased to be a Director w.e.f. 09/11/2019.

6.9 Shri. Balasaheb Bhausaheb Thorat, Hon'ble Minister of Energy, Maharashtra, was appointed as ex-officio Chairman w.e.f. 12/12/2019.

6.10 Shri. Nitin Kashinath Raut, Hon'ble Minister of Energy, Maharashtra was appointed as Chairman w.e.f. 05/01/2020 in place of Shri. Balasaheb Bhausaheb Thorat who ceased w.e.f. 05/01/2020.

6.11 Shri. Prajakt Prasad Tanpure, Hon'ble Minister of State for Energy, Maharashtra, was appointed as ex-officio Vice-Chairman w.e.f. 05/01/2020.

6.12 Shri. Vishwas Vasant Pathak, Govt. Nominee Director tendered his resignation w.e.f. 08/01/2020.

6.13 Shri. Aseem Kumar Surendrakumar Gupta, Pr. Secretary (Energy), GoM was appointed as Managing Director and ex-officio Director w.e.f. 17/01/2020 in place of Shri. Sanjeev Kumar who ceased w.e.f. 17/01/2020.

6.14 Smt. Shaila Abu, CMD, MSPGCL was appointed as ex-officio Director w.e.f. 17/01/2020 in place of Shri. Arvind Singh.

6.15 Shri. Dinesh Tarachand Waghmare, CMD, MSETCL was appointed as ex-officio Director w.e.f. 23/01/2020 in place of Shri. Parrag Jaiin Nainutia who ceased to be a Director from the said date.

6.16 Smt. Neeta Kelkar, Independent Director tendered her resignation w.e.f. 23/03/2020.

6.17 Shri. Rajendra Balbhadra Goenka, Govt. Nominee Director tendered his resignation w.e.f. 29/01/2020.

The Board places on record its deep sense of appreciation of the valuable contribution of the outgoing Directors during their tenure with the Company.

Necessary resolutions relating to appointment of the aforesaid Directors, wherever applicable, were included in the Notice of the AGM.

7. KEY MANAGERIAL PERSONNEL (KMP):

During the financial year 2019-20, the following were the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013:

Sr. No.	Name of KMP	Designation	Date of Appointment	Date of Cessation
1.	Shri. Arvind Singh	Managing Director	1st March, 2017	5th November, 2019
2.	Shri. Sanjeev Kumar	Managing Director	5th November, 2019	17th January, 2020
3.	Shri. Aseemkumar Gupta	Managing Director	17th January, 2020	-
4.	Shri. Sunil Laxman Pimpalkhute	Director (Finance) & Chief Financial Officer	4th August, 2018	-
5.	Shri. Subodh Rameshravji Zare	Company Secretary	21st August, 2015	-

8. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the requirements of section 134(5) of the Companies Act, 2013 and based on the information provided by management, it is hereby confirmed:

a) That in the preparation of the annual accounts for the year ending March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

d) That the annual accounts were prepared for the financial year ended 31st March, 2020 on a 'going concern basis;

e) That the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

9. DECLARATION BY INDEPENDENT DIRECTOR:

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013.

10. PERFORMANCE EVALUATION OF DIRECTORS:

The requirement of performance evaluation of Directors under Section 178(2) of the Companies Act, 2013 has been done away with for Government Companies vide Ministry of Corporate Affairs' Notification dated 5th June, 2015.

11. DEPOSITS:

Your company has not invited/received any Deposits from the public covered under Chapter V of the Companies Act, 2013 during the year under report.

12. SHARE CAPITAL:

The Authorised Share capital of the Company remains unchanged at Rs. 99,000 crores as on 31.03.2020.

During the year under review, the paid-up Equity Share Capital of the Company has increased as under:

Particulars	Share Capital (Rs.)
Share Capital as on 31.03.2019	88940,22,65,020
Allotments during the year	169,48,50,000
Share Capital as on 31.03.2020	89109,71,15,020

13. AMOUNT TRANSFERRED TO RESERVES:

In view of meager profits, the Board of Directors does not propose to transfer any amount to reserves.

14. CONSOLIDATED ACCOUNTS:

The Company as on 31st March, 2020, has 3 (Three) direct wholly-owned subsidiaries and 4 (four) step down subsidiaries.

In accordance with IND AS-110 (Consolidated Financial Statements), the Company has prepared Consolidated Financial Statements of the Company and all its subsidiaries, which form part of the Annual Report. These financial statements have been prepared from the audited financial statements received from the subsidiary companies, as approved by their respective Board of Directors. The Consolidated Financial statements for the financial year 2019-20 have been attached as part of the Annual Accounts.

A brief summary of the results on a consolidated basis is given below:

(Rs. in Crores)

Particulars	2019-20	2018-19
Revenue		
Revenue from operations	74,519.47	73,964.85
Other Income	8,918.03	9,082.59
Total revenue	**83,437.50**	**83,047.44**
Expenses		
Cost of Material Consumed	58,351.23	54,575.63
Employees remuneration and benefits	8,304.66	6,871.76
Finance Costs	8,253.28	7,717.27
Depreciation and amortization	7,089.92	7,287.68
Other Expenses	10,349.02	10,374.79
Total expenses	**92,348.11**	**86,827.11**
Share of Profit in associates and joint venture	5.06	4.84
Regulatory Income/ (Expenses)	8,446.61	-495
Profit/(Loss) Before Tax	**(458.94)**	**(4,269.84)**
Provision for Tax - Current year tax, Previous year tax and deferred tax (net)	(731.30)	(485.68)
Profit/(Loss) after Tax	**(1,190.24)**	**(4,755.50)**
Items that will be reclassified to profit or loss	(289.90)	(253.87)
Comprehensive Income for the period	**(1,480.14)**	**(5,009.37)**

Net decrease in Loss in the F.Y. 2019-20 as compared to previous year is majorly on account of:

i) Increase in Revenue from Other Operating Revenue of MSEDCL to the tune of Rs. 554 crores as compared to previous year.

ii) Decrease in 'Revenue and subsidy grant' of MSEDCL to the tune of Rs. 165 crores.

iii) Increase in 'cost of material consumed of MSPGCL to the tune of Rs. 1,403 crores due to incremental Import Coal consumed.

iv) Recognition of Regulatory Income of Rs. 8,446.61 crores by MSEDCL.

15. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL REPORTING:

To ensure statutory compliances as well as to provide highest level of Corporate Governance, your Company has robust internal financial control system. Also, in order to ensure that all checks and balances are in place and all internal control system with reference to financial reporting are in order, internal audit is conducted by an experienced firm of Chartered Accountants in coordination with the Finance & Accounts Department of the Company.

Beside above, the Company has an Audit Committee to keep a close watch on compliance with Internal Control Systems. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

16. SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNAL WHICH IMPACT THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

17. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

18. PARTICULARS OF LOANS, GUARANTEES, SECURITIES OR INVESTMENTS:

The particulars of the loans given, investments made or guarantees given or security provided by the Company as required under section 186 of the Companies Act, 2013, to the extent applicable, are given in the notes to the Standalone Financial Statements.

19. RISK MANAGEMENT:

The management of your Company has framed the Risk management policy of the Company which elaborates the detailed description of type of risk and its mitigating plan.

20. VIGIL MECHANISM:

The Board at its meeting held on 11th February, 2016, approved the Vigil Mechanism that provides a formal mechanism to secure reporting of improper activities (whistle blowing) within the Company and to protect employees wishing to raise a concern about improper activity/serious irregularities within the Company.

21. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has complied with the provisions relating to constitution of Internal Complaints Committee (ICC) under the The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, to redress complaints received regarding Sexual Harassment.

The Following is a summary of sexual harassment complaints received and disposed off during the year under review:

Complaints received: NIL

Complaints disposed off: NIL

22. RIGHT TO INFORMATION ACT, 2005

Your Company ensures compliance under the Right to Information Act, 2005. During the year 2019-20, 10 (Ten) applications were received which were replied.

23. MEETINGS OF THE BOARD:

The Board of Directors duly met 3 (Three) times during the financial year from 1st April, 2019 to 31st March, 2020. The dates on which the meetings were held are as follows:

Sr. No.	Number of the Meeting	Date of the Meeting
1.	89th Board Meeting	18.06.2019
2.	90th Board Meeting	04.09.2019
3.	91st Board Meeting	28.12.2019

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The details of the various Directors attending the Board Meetings are as under:

Sr. No.	Name of the Director	Total number of meetings entitled to attend	Number of meetings attended
1.	Shri. Chandrashekhar Krishnarao Bawankule	2	2
2.	Shri. Balasaheb Thorat	1	1
3.	Shri. Madan Yerawar	2	1
4.	Shri. Arvind Singh	2	1
5.	Shri. Bipinkumar Punambhai Shrimali	2	0
6.	Shri. Sanjeev Kumar	3	3
7.	Shri. Parrag Jaiin Nainutia	3	2
8.	Shri. Sunil Laxman Pimpalkhute	3	3
9.	Shri. Ashok Sethi	2	2
10.	Shri. Vishwas Vasant Pathak	3	3
11.	Shri. Rajendra Balbhadra Goenka	3	3
12.	Smt. Neeta Shrirang Kelkar	3	3

24. COMMITTEES OF THE BOARD:

In order to have a more focused attention on business and for better governance and accountability, the Board of Directors has constituted the various committees as under:

24.1 Audit Committee

24.1.1 The Audit Committee acts as a link between the Statutory, Secretarial and Internal Auditors and the Board of Directors of the Company. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting, reviewing the financial statements and reviewing the audit activities.

24.1.2 The Audit Committee consisted of Shri. Vishwas Pathak, Shri. Ashok Sethi and Smt. Neeta Kelkar as Members.

24.1.3 The Audit committee met 2 (Two) times during the financial year, i.e. on 04.09.2019 and 15.01.2020. The details are as under:

Sr. No.	Name of the member	Designation	Total number of meetings entitled to attend	Number of meetings attended
1	Shri. Vishwas Pathak	Member	1	1
2	Shri. Ashok Sethi	Member	2	2
3	Smt. Neeta Shrirang Kelkar	Member	2	2

24.2 Nomination & Remuneration Committee

24.2.1 The Committee consisted of Shri. Vishwas Pathak (Chairman), Smt. Neeta Kelkar and Shri. Ashok Sethi as members.

24.2.2 There was no meeting of the Committee during the year.

24.3 Corporate Social Responsibility (CSR) Committee

24.3.1 The CSR committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility policy indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR policy and recommending the amount to be spent on CSR activities.

24.3.2 The CSR Committee consisted of Shri. Vishwas Pathak (Chairman), Smt. Neeta Kelkar and Shri. Ashok Sethi as members.

24.3.3 There was no meeting of the Committee during the year.

25. STATUTORY AUDITORS:

M/s. S. P. C. M., Chartered Accountants, Pune, (FRN: 112165W) were appointed by Comptroller & Auditor General of India as Statutory Auditor for the financial year 2019-20.

The Board of Directors of your Company has fixed Rs. 7,50,000 (Rupees Seven lacs and fifty thousand only) plus applicable taxes as the Audit fees for the Standalone and Consolidated Financial Statements.

26. STATUTORY AUDITOR'S REPORT:

The Statutory Auditor have qualified their opinion in relation to certain matters appearing in the Financial Statements for the year ended March 31, 2020.

The Board's responses to the qualifications and other observations made by the Auditors in their Report on the Standalone and Consolidated Financial Statements for the year ended March 31, 2020 and in their Report on these Financial Statements are appended to this Report as **Annexure "I"** and **Annexure "IA"** respectively.

27. COMPTROLLER & AUDITOR GENERAL OF INDIA (CAG) REVIEW:

The Comptroller & Auditor General of India (CAG) reviewed the Standalone and Consolidated Financial Statements of the Company, as adopted by the Board and as audited by the Statutory Auditor.

There are **"NIL"** comments on both the Standalone and Consolidated Financial Statements of the Company for the year ended 31.03.2020.

The copy of the CAG's comments on Standalone and Consolidated Financial Statements are appended to this Report as **Annexure "II"** and **Annexure "III"** respectively. The management's replies to the comments are appended as **Annexure "IIA"** and **Annexure "IIIA"** respectively.

28. INTERNAL AUDITORS:

M/s. A N A R & Co., Chartered Accountants, Mumbai (FRN: 124211W) were appointed as Internal Auditor by the Board of Directors for the financial year 2019-20.

29. SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. A. Y. Sathe & Co., Practising Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the year ended 31st March, 2020.

The Secretarial Audit Report submitted by Company Secretary in Practice is appended to this report as **Annexure "IV"**.

30. SECRETARIAL AUDIT REPORT:

The Secretarial Auditor has submitted report in form No. MR–3 and qualified their opinion/ observation in respect of the Secretarial Audit conducted for the financial year 2019-20. The Board's response to the observation of the Secretarial Auditor is appended to this Report as **Annexure "V".**

31. SECRETARIAL STANDARDS:

The Company has complied with applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under section 118(10) of the Companies Act, 2013.

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The disclosures pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as stipulated under section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, to the extent applicable, are furnished in **Annexure "VI".**

33. PARTICULARS OF EMPLOYEES:

As per the provisions of section 197 of the Companies Act, 2013 and rules made thereunder, Government companies are exempted from inclusion in the Directors' report a statement of the particulars of employees drawing remuneration in excess of limits specified under the Act and Rules notified thereunder.

34. EXTRACT OF THE ANNUAL RETURN:

The Extract of the annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013 is annexed herewith as **Annexure "VII".**

35. SUBSIDIARY COMPANIES:

The Company as on 31st March, 2020, has following Wholly-owned Direct subsidiaries:

1. Maharashtra State Electricity Distribution Co. Ltd. - engaged in distribution of electricity
2. Maharashtra State Power Generation Co. Ltd. - engaged in generation of electricity and
3. Maharashtra State Electricity Transmission Co. Ltd. - engaged in transmission of electricity

In accordance with sub-section (3) of section 129 of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is provided as **Annexure "VIII"** to this report.

No company ceased to be subsidiary of your Company during the year under review.

36. PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY:

As required by the rule 8(1) of the Companies (Accounts) Rules, 2014 (as amended) the information in respect of the performance of subsidiaries, associates and joint venture companies, to the extent applicable and their contribution to the overall performance of the Company is appended to this Report as **Annexure "IX".**

37. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company believes in Corporate Social Responsibility (CSR) as a commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner. Your Company has developed a CSR Policy to reinforce the commitment.

Your Company is not required to contribute in CSR activities in view of losses in the three immediately preceding financial years.

The Annual Report on CSR activities is annexed herewith marked as **Annexure "X"** to this report.

38. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

In compliance of the provisions of the Companies Act, 2013, the particulars of contracts or arrangements entered into by the Company with its related parties are disclosed in Form AOC-2 appended to this Report as **Annexure "XI"**.

The transactions with other related parties are included in the Notes to the Accounts pursuant to Ind AS 24 "Related Party Disclosures".

39. GENERAL:

(i) No employee is holding any shares in the Company and hence, the disclosure required under Section 67(3)(c) of the Companies Act, 2013, read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, in respect of voting rights not exercised directly by them is not given. Further, the Company, during the financial year, did not advance any money to any person for subscribing shares of the Company.

(ii) There were no instances of issue of equity shares with differential rights to dividend, voting, or otherwise and issue of shares to employees under any scheme.

(iii) There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

40. ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciation for the assistance and co-operation extended by various Central and State Government Departments/Agencies. The Board also wishes to place on record its appreciation for sincere and dedicated work of all employees.

On behalf of the Board of Directors

Sunil Pimpalkhute	**Dinesh Waghmare**
Director (Finance)	Managing Director
DIN: 01915725	DIN: 01843097

Place: Mumbai
Date: 02/09/2021

Registered Office: Hongkong Bank Bldg., 3rd and 4th Floor, Mahatma Gandhi Road, Fort, Mumbai–400001. Maharashtra

CIN : U40100MH2005SGC153649
Email ID : msebhcl@gmail.com
Tel. No. : 91-22-22608383
Fax No. : 91-22-22619101

ANNEXURE - I

REPLIES TO THE AUDIT REPORT ON STANDLONE FINANCIAL STATEMENTS FOR THE PERIOD 01.04.2019 to 31.03.2020

Sr. No	AUDITORS'S COMMENTS	MANAGEMENT'S REPLY
1.	**Report on the Audit of the Financial Statements** **Qualified Opinion** We have audited the accompanying financial statements of **MSEB HOLDING COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements) In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and para 7.3(d) below on the non compliance of certain Indian Accounting Standards(Ind AS), in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2020, and its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.	Factual
2.	**Basis for Qualified Opinion** We have not been able to obtain necessary information and explanations for the purpose of our audit in case of the followings:	
	a) Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalized on 31st March'2016 vide GR No. Reform2010/ Pr.Ka.117/Urja of Rs. 14,453,400,000/-(refer note no. 7.2);	Transfer of ownership of Land & Buildings from erstwhile MSEB in the name of MSEB holding Co. Ltd is in process. Letters have been issued to the concerned authorities for the transfer.

	b)	The company does not collect, maintain & present the details of dues to its vendors who are registered under Micro, Small and Medium Enterprises ('MSME') Development Act. 2006. Hence correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.	No dues are outstanding of the vendors who are registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence provision of interest on outstanding dues is not provided in the books of accounts.
	c)	The balances outstanding in the books of the company with its subsidiaries i.e., MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (Refer note no 9.1 & 19.1) and which may have impact on the financial position and certain disclosures in the financial statements.	The inter Company balances outstanding are due to the difference to opinion between the holding and its subsidiaries. Certain assets/ liabilities reserves relating to subsidiary companies have been transferred to the subsidiaries, but yet to be accepted by them. Due to this certain difference in intercompany balances have emerged. The same will be resolved in the financial year 2018-19.
	d)	MSEBHCL has given corporate guarantees amounting to 9600 Crores and 1284 crores to Rural Electrification Corporation (REC) for loan availed by wholly owned subsidiary companies i.e. MSEDCL and MSPGCL respectively. No fair valuation of which has been done as per requirements of Ind-AS 109 and a such impact of which is not ascertainable.	
	e)	Share Application money received during F.Y.2019-2020 amounting to RS. 64 Crores for which share have been allotted on 14/10/2020, thus there is a contravention of the provision of Section 42 of The Companies Act 2013	
	f)	Consideration received for issue of share during the year amounting to RS. 1,694,800,000/- is directly paid by GOM to Subsidiary company MSEDCL RS.1,096,650,000/- and MSPGCL Rs. 59,82,00,000/- as per GR issued by GOM, contravening the provision of section 42 of The Companies Act 2013 Consequential impact of Para a) to c) above on the Profit, reserves and EPS are neither quantified / quantifiable nor disclosed.	

	We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.	Factual
3	**Emphasis of Matter** **We draw attention to the following matters in the Notes to the financial statements:**	
	3.1 Refer Note No. 9.2 where the company has shown advance tax of Rs. 1,602,393,605/- net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and Amount paid under protest Rs. 191,700,081/-. There is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company's judgment only and the amount shown as recoverable is subject to reconciliations and confirmations.	Income tax department has been disallowed several expenses from the FY 2005-06. The Income tax cases for all the years since FY 2005-06 are in appeals. In order to avoid the huge penalties management has decided to pay advance tax on Income from Rental and Interest Income although there is no liability as per the financial statement.
	3.2 Refer Note No. 10.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 3,716,865,567/- (P.Y.Rs. 3,297,664,876/-) have been long outstanding. Provision for Expected Credit Loss as per IND AS 109 has been duly made in the books.	Factual
	3.3 Refer Note No. 8.2 where the value of investments of the company in MSEDCL of Rs. 477,239,849,040 (P.Y. Rs. 476,143,199,040) has been diminished due continuous losses incurred by MSEDCL till 31st March, 2019. The diminution in the value of shares has not been provided for in the books. Although MSEDCL has incurred profits in F.Y 2018-2019, reserves as on 31st March'2019 are negative. The figures for 31.03.2020 have not yet been finalized.	Factual

	3.4 It has been observed that the Gratuity and leave encashment provision in books contains the provision of employees of civil unit and the same is taken in books is from the date of their joining instead from the day they are deputed in MSEBHCL i.e., from F.Y. 2013-14.	Factual
	3.5 Refer Note No.26, where the company has reported that due to the reasonable uncertainty on the lease period on account of ongoing disputes on the assets taken on lease, the Company has not recognized the "Right of Use Assets" (ROU) and a corresponding lease liability for all the lease arrangements in which it is a lessee.	Factual
	3.6 We draw attention to Note No. 34 to the accompanying Standalone Ind AS Financial Statement which explains uncertainties and the Management's evaluation of the financial impact on the company due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period. Our report is not qualified in respect of above matters.	Factual
4	**Information Other than the Financial Statements and Auditor's Report Thereon** • The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this Auditor's report.	Factual
	• Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.	Factual
	• In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.	Factual
	• When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.	Factual

5.	**Management's responsibility for the standalone financial statements** The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.	Factual
6.	**Auditor's responsibility** Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:	Factual

	• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.	Factual
	• Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.	Factual
	• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.	Factual
	• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.	Factual
	• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.	Factual

	Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.	Factual
	We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.	Factual
	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	Factual
7.	**Report on other legal and regulatory requirements** 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.	Factual
	2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure "B" on the directions issued by The Comptroller and Auditor General of India.	Factual
	3. As required by Section 143(3) of the Act, based on our audit, we report that: a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	Factual
	b. In our opinion, except for the effect of the matters described in the para-Basis for Qualified Opinion above proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.	Factual

	c.	The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.	Factual
	d.	Subject to our observations in para 2 above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.	Factual
	e.	The provisions of Section 164(2) of the Companies Act, 2013, are not applicable to the Company, pursuant to the Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Government of India;	Factual
	f.	With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.	Factual
	g.	In terms of provisions of Section 197(16) of the Act, we report as under: The Company being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it vide MCA Notification dated 5th June 2015.	Factual
	h. a.	With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us: The Company has disclosed the impact of pending litigations on its financial position in Note 25 to its Standalone Ind AS Financial statements	Factual
	b.	The Company does not have any long-term contracts including derivative contracts and also as per the Board's estimates, there are no material foreseeable losses, requiring provision under the applicable law or accounting standards;	Factual
	c.	There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Factual

<table>
<tr><td></td><td>Annexure “A" to Independent Auditors’ Report</td><td></td></tr>
<tr><td></td><td>Referred to in Paragraph 7.1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date.</td><td></td></tr>
<tr><td>i.</td><td>In respect of its fixed assets:
a. The Company has maintained fixed assets register in respect of assets allocated under Scheme of Transfer and additions made thereto after the incorporation of the Company pursuant to above scheme capturing the details of quantity and location of the asset. (Refer Note No. 7.5). The company needs to further streamline its fixed asset register to show proper and identifiable records, to the extent possible, showing full particulars, including quantitative details and situation of fixed assets.</td><td>Factual</td></tr>
<tr><td></td><td>b. As explained to us fixed assets have not been physically verified by the company during the year. Last physical verification of the Fixed Assets was carried out by the management during the year 2010-11. The discrepancies after 2010-11, if any, with the book records whether material or otherwise could not be ascertained. (Refer Note No. 7.5).</td><td>Factual</td></tr>
<tr><td></td><td>c. In our opinion and according to the information and explanations given to us, title deeds of immovable properties are not held in the name of the company since all the assets were transferred consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003 and further increased under the provisional Transfer Scheme, since finalized on 31st March'2016 vide GR No. Reform 2010 /Pr.Ka.117 / Urja. Detail of such cases where the title deeds are not in name of company is as below: -
<table>
<tr><th>Description of Asset</th><th>No of cases</th><th>Area in acres</th><th>Gross Block as on 31/03/2020 (Rs.)</th><th>Net Block as on 31/03/2020 (Rs.)</th><th>Remarks</th></tr>
<tr><td>Land-Leasehold</td><td>2</td><td>7.10</td><td>2,045,934,468</td><td>1,613,464,280</td><td rowspan="3">The Company is taking appropriate steps for completion of legal formalities for transfer of title.</td></tr>
<tr><td>Land-Freehold</td><td>4</td><td>1.89</td><td>708,880,000</td><td>708,880,000</td></tr>
<tr><td>Building and structures</td><td>13</td><td>Not Available</td><td>11,805,768,954</td><td>7,510,979,446</td></tr>
</table>
</td><td>Follow up to transfer the assets in the name of company is in process</td></tr>
</table>

ii.	According to the information and explanations given to us, during the year, Company is involved in renting activity only and therefore no inventory is carried by the company. Accordingly, clause 3 (ii) of the Order is not applicable to the company.	Factual
iii	According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act,2013. Accordingly, clause 3 (iii) (a) & (b) of the Order are not applicable to the company.	Factual
iv.	During the year the Company has given guarantee in respect of loans raised by its subsidiary company MSEDCL, however no loans were granted which are covered under Section 185 and 186 of the Companies Act, 2013. In respect of investments in the Subsidiary and guarantee given on behalf of subsidiary company, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013.	Factual
v.	In our opinion, and according to the information and explanations given to us, the Company has not accepted any public deposits and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.	Factual
vi.	As the Company is not engaged in production, processing, manufacturing and/ or similar activities, the rules prescribed by Central Government for maintenance for cost records under sub section (1) of Section 148 of the Companies Act, 2013 are not applicable to the company. Hence, provisions of Clause 3 (vi) of the Order are not applicable.	Factual
vii.	**(a)** According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income-tax, Service tax, duty of Customs, duty of Excise, GST, cess and other statutory dues, as applicable, with the appropriate authorities.	Factual

<table>
<tr><td></td><td>(b) According to the records of the Company and the information and explanations given to us, disputed dues payable by the Company as on 31st March 2020 on account of Income-tax, Sales-tax, Service-tax, Duty of Custom, Duty of Excise, Value Added Tax and GST are as under:</td><td>Factual</td></tr>
<tr><td></td><td>
<table>
<tr><th>Sr. No</th><th>Name of Statute</th><th>Nature of Dues</th><th>Amount (In Rs.)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr>
<tr><td>1</td><td>Income Tax Act, 1961</td><td>Penalty</td><td>141,65,57,002</td><td>AY 2006-07</td><td>Commissioner of Income Tax (Appeals)</td></tr>
<tr><td>2</td><td>Income Tax Act, 1961</td><td>Penalty</td><td>1,121,736,837</td><td>AY 2007-08</td><td>Commissioner of Income Tax (Appeals)</td></tr>
<tr><td>3</td><td>Income Tax Act, 1961</td><td>Penalty</td><td>1,271,079,159</td><td>AY 2008-09</td><td>Commissioner of Income Tax (Appeals)</td></tr>
<tr><td>4</td><td>Income Tax Act, 1961</td><td>Penalty</td><td>1,034,815,207</td><td>AY 2009-10</td><td>Commissioner of Income Tax (Appeals)</td></tr>
<tr><td>5</td><td>Income Tax Act, 1961</td><td>Penalty</td><td>980,338,089</td><td>AY 2010-11</td><td>Commissioner of Income Tax (Appeals</td></tr>
</table>
</td><td>Factual</td></tr>
<tr><td>viii.</td><td>The Company has not taken any loans from financial institutions or banks and has not issued debentures. However, in respect of Bonds issued by erstwhile MSEB, no confirmation for determination of the Liability recorded in the books of the Company under provisional Transfer Scheme, since finalized on 31st March'2016 vide GR No. Reform 2010/Pr.Ka.117/ Urja, is received from the Company and hence we are unable to comment in respect of default, if any.</td><td>Factual</td></tr>
<tr><td>ix.</td><td>In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer and no term loans were raised by the company. Accordingly, clause 3 (ix) of the Order is not applicable and hence not commented upon.</td><td>Factual</td></tr>
<tr><td>x.</td><td>During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company.</td><td>Factual</td></tr>
<tr><td>xi.</td><td>As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.</td><td>Factual</td></tr>
</table>

xii.	In our opinion the company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order, for Nidhi Company, are not applicable to the Company and hence not commented upon.	Factual
xiii.	Based on our audit procedures performed and according to the information and explanations given to us, the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian accounting standards (Ind AS).	Factual
xiv.	According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet, the Company has made preferential allotment or private placement of shares during the year under review. Company has not made preferential allotment or private placement of fully or partly convertible debentures during the year under review. The company has complied with the requirements of Section 42 of the Act and the amounts raised have been used for the purpose for which funds were raised.	Factual
xv.	Based on our audit procedures performed and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.	Factual
xvi.	According to information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.	Factual
	Annexure "B"- Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act In terms of Directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act, and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanation given to us, we give a statement on the matters specified in the said Direction. **i. Directions under sub-section (5) of section 143 of the Act**	

	AUDITOR'S COMMENTS	
	AUDITOR'S COMMENTS	Factual

Sr. No	Directions	Replies
1.	Whether there are any cases of waiver/write off of debts/ loans / interest etc., if yes, the reasons there for and the amount involved.	In our opinion and according to the information and explanations given to us, there are no cases of waiver/write off of debts/ loans/interest etc.
2.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	According to information and explanations given to us, there are no Inventories lying with third parties and also there are no assets received as gift/grant from Government or other authorities.
3.	A report on age-wise analysis of pending legal/arbitration cases, including the reasons for the pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	As per Annexure-1
4.	A report if the company has been selected for disinvestment, complete status report in terms of valuation assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.	According to information and explanations given to us, Company has not been selected for disinvestment.

ANNEXURE 1

Sr. No.	Year	Building Name	Court case No.	Name of court	Reason	Status of case
1	2001	Hongkong Shanghai Bank building 3rd Floor and part of 4th floor	Appeal 213 / 18 TER 346 / 366 / 2001	Small Cause Court, Mumbai	Vacation of the 3rd and 4th floor potion in possession of MSEBHCL at HSBC Fort.	Arguments in Small Couse Court- 05, Mumbai Next Date 07-11-2019
2	2004	Estrela Batteries Expansion building Dharavi 2nd Floor.	Suit No.1663 / 2004	Bombay High Court, Mumbai	Suit filed for specific part performance against M/S EBL in the matter of purchase of Estrela batteries Expansion Building	Cross Examination of plaintiff witness by court commissioner. Affidavit submission due date 14-10-2019 after this cross-examination start
3	2009	Estrela Batteries Expansion building Dharavi	RAE 533 / 801 / 09	Small case court, Mumbai	Regarding vacation of 2nd floor in possession of Central Excise Dept. in Dharavi Office Building at Estrela Batteries compound	Reply in Notice at Small Couse Court – 10, Mumbai. Reply against exhibit No. 24 & 29.

ii sector specific Sub – Directions

AUDITOR'S COMMENTS		
Sr. No	**Directions**	**Replies**
1.	Whether the company has an effective system of recovery of Revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with applicable Accounting Standards?	The recovery of rent from subsidiary companies had been long outstanding although the same is accounted properly.
2.	Where land Acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all case? The cases of deviation may be please be detailed.	This clause is not applicable on the company.
3.	Whether Profit/Loss mentioned in Audit Report is per profit & Loss statements of the Company?	Yes, the Loss mentioned in Audit Report is as per Statement of Profit and Loss of the Company.

Factual

	"Annexure C" to the Independent Auditor's Report **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** We have audited the internal financial controls over financial reporting of MSEB Holding Company Ltd. ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.	
	Management's Responsibility for Internal Financial Controls The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	
	Auditor's Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial controls, both applicable to an audit of Internal	The Company has adopted adequate Internal Financial Control and internal auditor has tested the same and reported in their Internal Audit report for the year 2019-20

	Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	
	Meaning of Internal Financial Controls over Financial Reporting A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	

	Inherent Limitations of Internal Financial Controls Over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	Factual
	Opinion In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.	Factual

For and on behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Waghmare
Managing Director
DIN: 01843097

Place: Mumbai
Date: 02/09/2021

ANNEXURE 1A

REPLIES TO THE AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 01.04.2019 TO 31.03.2020

Sr. No	AUDITORS'S COMMENTS	MANAGEMENT'S REPLY
1.	**Report on the Audit of the Consolidated Financial Statements** **Qualified Opinion** We have audited the accompanying Consolidated Financial Statements of MSEB HOLDING COMPANY LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements"). In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and para9(2)(d) below on the noncompliance of certain Indian Accounting Standards (Ind AS), and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, in our opinionthe aforesaid Consolidated Financial Statements, read together with the matters described in the 'Emphasis of Matter' paragraph and 'Key Audit Matter Paragraph', give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS")and other accounting principles generally accepted in India, of the Consolidated state of affairs (financial position) of the Group as at 31stMarch, 2020, its Consolidated Loss , Total comprehensive income(financial performance), Consolidated statement of changes in equity and its Consolidated cash flows for the year ended on that date.	Factual

2.	**Basis for Qualified Opinion** **In Case of Holding Company (MSEBHCL):** We have not been able to obtain necessary information and explanations for the purpose of our audit in case of the followings: - a) The company does not collect, maintain & present the details of dues to its vendors who are registered under Micro, Small and Medium Enterprises ('MSME') Development Act. 2006. Hence correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.	No dues are outstanding of the vendors who are registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence provision of interest on outstanding dues is not provided in the books of accounts.
	b) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (Refer note no 8.2&28.1) and which may have impact on the financial position and certain disclosures in the financial statements.	The inter Company balances outstanding are due to the difference to opinion between the holding and its subsidiaries. Certain assets/ liabilities reserves relating to subsidiary companies have been transferred to the subsidiaries, but yet to be accepted by them. Due to this certain difference in intercompany balances have emerged. The same will be resolved in the financial year 2020-21.
	c) MSEBHCL has given corporate guarantees amounting to 9600 Crores and 1284 crores to Rural Electrification Corporation (REC) for loan availed by wholly owned subsidiary companies i.e. MSEDCL and MSPGCL respectively. No fair valuation of which has been done as per requirements of Ind-AS 109 and as such impact of which is not ascertainable. (Refer Note No. 42(A)(a)(7)).	Factual
	d) Consideration received for issue of shares during the year amounting to Rs. 1,694,850,000/- is directly paid by GOM to Subsidiary company MSEDCL Rs.1,096,650,000/- and MSPGCL Rs. 59,82,00,000/- as per GR issued by GOM, contravening the provision of Section 42 of The Companies Act 2013 (Refer note no. 18(c)) Consequential impact of Para a) to g) above on the Loss, reserves and EPS are neither quantified / quantifiable nor disclosed.	Factual

1.	**In Case of Subsidiary Company (MSEDCL)**	
	We draw attention to the matters described in paragraphs 1 to 15 below. The effects of these matters (whether quantified or otherwise) on the Consolidated Financial Statements, individually or in aggregate, that are unidentified in some cases due to inability to obtain sufficient and appropriate audit evidence, are material. **Property, Plant & Equipment (PPE), Depreciation and Impairment:** a) As mentioned in Note 52(4) to the Consolidated Financial Statements, due to non-availability of proper and complete records relating to date of capitalisation of PPE and Work Completion Reports, we have come across instances of non-capitalisation and/or delayed capitalisation (which is not in accordance with requirements of Ind AS 16 'Property Plant and Equipment'), with corresponding impact on depreciation. In the absence of proper audit trail, we are unable to quantify the impact arising on account of non-capitalisation/delayed capitalization, resultant depreciation, and consequential impact, if any, on the Consolidated Financial Statements for the year under audit.	There are some instances where there is delay in capitalization. The WCR and Asset creation process has been now automated and simplified during the year whereby Asset is accounted for immediately after creation of WCR. Technical WCR are generated automatically after approval of joint measurement certificate. On the basis of technical WCR, Financial WCR including employee, administration & interest cost is automatically created and same is charged on assets under construction in financial ledger. As such henceforth there will not be delay in capitalization. The capitalisation pendency is monitored at Head office level through various SAP Reports and instructions are issued to field offices accordingly. Also, if assets work completion dates are earlier than Asset capitalisation date, depreciation on this differential period is provided for manually.
	b) During the year, the Holding Company has capitalised borrowing costs amounting to Rs. 239.07Lakhs (Previous Year [PY] Rs. 755.63Lakhs) as part of cost of PPE. Capitalisation of borrowing costs has been done without identifying qualifying assets, without considering the principles of allocating interest on general and specific borrowings, without considering interrupted projects, without considering opening balance of Capital Work in Progress (CWIP) and after considering the overall project costs on gross basis without eliminating the government grants and contribution made by consumers. Further, the Holding Company has capitalised employee costs and office & administrative expenses of Rs.43,158.74 Lakhs (PY Rs. 48,309.12 Lakhs) The	The accounting policy in this regard is disclosed at point no.8(b) in Note-2 on "Significant Accounting Policies" as under "Interest relating to construction period in respect of acquisition of the qualifying assets is capitalized on the addition to Work in Progress during the year based on the average interest rate applicable to the loan." The Company has been following this policy of interest capitalisation consistently. The

	above expenses represent 15% of cost of additions to CWIP[Refer accounting policies on Property, Plant and Equipment as mentioned in Note 2(F)(1)(IV)]. However, the Holding Company does not have a practice of specifically identifying such expenses attributable to additions to CWIP/PPE. Capitalisation of these costs has been done without considering interrupted projects, without considering opening balance of Capital Work in Progress (CWIP) and after considering the overall project costs on gross basis without eliminating the government grants and contribution made by consumers. Such capitalisation of interest, employee costs and office and administrative expenses is not in accordance with requirements of Ind AS 23 'Borrowing Costs' read with Ind AS 16 'Property, Plant & Equipment'. In the absence of sufficient and appropriate audit evidence, we are not in a position to comment on the correctness of the amounts capitalized, as above. Further, employee costs, office and administrative expenses and borrowing costs have also been capitalised in earlier years on similar lines. As a result, the fixed assets are overstated by the amount capitalised and depreciation has also been overcharged. The impact of the same, however, cannot be ascertained and quantified.	borrowing cost (the interest on loans used for capital work) is capitalized by identifying the qualifying assets. The borrowing cost is capitalized, if 1. The scheme / work is of capital nature 2. The loans for such schemes/ works have been sanctioned / obtained. 3. The work completion period of such schemes/works as per work order should be 12 months or more. As the MSEDCL is not having a separate wing for handling capitalization and O&M activities, Departments / Staff carry out both the activities at field level & Head Office. Therefore, the company has carried out detailed exercise of identifying Employee, Administrative and general expenses directly attributable to bring the asset in the location & in the condition necessary for it to be capable of operating in the manner intended by the management, based on the data of FY 2015-16 and FY 2016-17. After carrying out the said exercise, the employee and Administrative & general expenses to be capitalized come to 13.66% in FY 2015-16, 15.36% in FY 2016-17. The same is rounded off to the

		nearest 15%. The Accounting policy of capitalizing @ 15% has been followed consistently during FY 2019-20. Employee cost and administrative expenses incurred during the current year are not capitalized on opening balance of Capital Work in Progress, as it is not attributable to opening CWIP. Employee costs and office &administrative expenses are capitalised on additions to CWIPduring the year. Thus, the capitalization of these costs is not done on interrupted projects. In the master data of the project in SAP, the percentage of funding of the project such as grant, consumer contribution, loan, internal sources etc. is updated. Thus, the borrowing cost is capitalised on the project costs funded through loan only and not on government grants and consumer contribution from the project costs. Thus, Company has identified these expenses attributable to additions to CWIP or to the acquisition of fixed assets, and as such the fixed assets are not overstated in Current Financial year as well as earlier financial years.

	c) No physical verification of fixed assets was conducted during the year by the management. As a result, the possible impact, if any, on the Consolidated Financial Statements, based on outcome of such physical verification, if it had been conducted, could not be ascertained.	The Company has formulated policy for the physical verification of Fixed Assets during the FY 2017-18. This policy has been modified in FY 2018-19. As per the procedure, after completion of every project/work, joint measurement certification (JMC) is done. After verification, asset is created and accounted for in the books of accounts. Also, the third-party inspection is carried by reputed agencies like REC, PFC etc. after commissioning of assets. If any problem likes supply interruption arises, the action to normalize the power supply is taken immediately and no asset remains unattended for a long time. The power is given continuously 24 X 7 hrs to consumers except few incidences of interruptions and the power is continuously transmitted through the distribution network which indicates that infrastructure network once created is always in service / use. Due to peculiar nature of business i.e. to supply continuous 24 X 7 hrs electricity and 100% third party inspection at the time of commissioning of new Fixed asset, physical verification of network assets i.e. plant and machinery, lines and cables and communication equiptments is carried out in regular course of business.

	d) As stated in Note 52(9), the Holding Company has carried out review of its assets with respect to economic performance. However, detailed evaluation/working as to whether any impairment is warranted has not been made available to us. In the absence of such evaluation/working, we are unable to comment about the impact, if any, arising on account of impairment, as required to be provided under Ind AS 36 'Impairment of Assets'.	Due to regular maintenance and based on internal review and information, the Company is of the opinion that economic performance of the assets of the Company is reasonable and therefore there is no impairment as on the date of the Balance Sheet.
	e) Capital Work in Progress includes Project Stock amounting to Rs. 3,33,215.39Lakhs (PY Rs. 179,794.89 Lakhs) for which complete details as regards to movement during the year and the status as at 31st March 2020 for various projects has not been made available. In the absence of these details, we are unable to comment upon the consequential impact, if any, on the Consolidated Financial Statements.	The WBS-wise and circle-wise details of CWIP-Project Stock amounting to Rs.3,33,215.39 lakhs showing year-wise opening balance, addition during the year, deletion during the year and closing balance were provided. There are thousands of materials in each WBS. The report for material wise movement is not readily available in SAP and hence, could not provide. Also year end status of the project was not readily available.
	f) Capital Work in Progress [other than Project stock referred to in1(e)above] Rs. 1,40,173.28 Lakhs (PY Rs. 1,72,036.83Lakhs) is net of negative balances amounting to Rs. 2,573.26 Lakhs (PY Rs. 12,770.13 Lakhs) in case of certain assets. In the absence of complete details, we are unable to comment upon the consequential impact, if any, on the Consolidated Financial Statements.	Out of net of negative balances amounting to Rs.2,573.26 Lakhs, the assets of Rs.593.84 Lakhs are created in FY 2020-21. For negative balance of Rs.1620.43 lakhs, there are corresponding Debit balance either in circle or Division. The same will be knocked off in FY 2020-21. The balance amount of Rs.358.98 lakhs will be scrutinized and necessary action will be taken in FY 2020-21.

2.	**Leases:** a) As stated in Note no. 43(IV)(ii), while recognizing the lease assets (Right of Use Asset) and lease liabilities, the Holding Company has excluded leases with lease rent payment of less than Rs. 10.00 Lakhs per month which is not in accordance with recognition criteria as specified in Ind AS 116 on Leases. In the absence of full details, the impact of same on the Consolidated Financial Statements cannot be ascertained.	IndAS 1 Presentation of Financial Statements states that Material omissions or misstatements of items are material if they could individually or collectively influence the economic decisions that users make on the basis of the financial statements. The Company recognised right-of-use assets and lease liabilities for those leases which were previously classified as operating leases, (except for leases amounting to Rs. 11 Lakhs, where rent is less than Rs.10 lakh per month, recognised as an expense during FY 2019-20) Hence, it being not material, the Company has excluded leases with lease rent payment of less than Rs. 10 Lakhs per month, while recognising the lease assets (Right of Use Asset) and lease liabilities.
	b) In the absence of availability of adequate details, disclosures as required under Ind AS 116 have not been made.	The adequate details for disclosure of ‘Leases’ as per IND-AS 116 will be obtained.
3.	**Expected Credit Loss (ECL) on Trade Receivables:** As stated in Note No. 52(5)(II)(i)(a) to the Consolidated Financial Statements, the Holding Company has made provision for expected credit loss under Ind AS 109 ‘Financial Instruments’ in respect of trade receivables. In this regard attention is drawn to the following: a) The Holding Company has not considered amounts aggregating to Rs.37,506.22 Lakhs (PY Rs.31,451.00 Lakhs) including interest of Rs. 35,971.73 Lakhs (PY Rs.29,928.00 Lakhs) due from Global Tower Limited (GTL) franchisee.	The legal proceedings for the recovery of Rs. 37,506.22 lakhs due from Global Tower Ltd (GTL) have been initiated. As per the Management’s opinion entire amount is recoverable and it expects no credit loss in the case of GTL.
	b) The Holding Company has not considered trade receivables amounting to Rs. 2,34,920.00 Lakhs (PY Rs. 2,34,920.00 Lakhs) due from Mula-Pravara Electric Co-op. Society Limited (MPECS).	MSEDCL has initiated legal proceeding for recovery of arrears of Rs. 234920.00 Lakhs due from MPECS and as per the Management’s opinion entire amount is recoverable and it expects no credit loss in the case of MPECS.

	c)	The Holding Company has not considered 100% ECL provision on the amount of interest (amount not ascertained) due from consumers, in whose case subsequent recognition of interest has been discontinued, following the accounting policy in respect of recognition of interest as enunciated in Note 2(20)(IV)(a)(v).	Based on the past experience, practical expedient, segmentation of customers and their aging profile the Company has calculated credit loss on Trade receivables including interest. The allowance for expected credit loss on interest arrears as on 31st March 2020 is of Rs.201600 Lakhs.
	d)	Attention is drawn torelating to recognition of expected credit loss on trade receivables and other financial assets.ECL has been derived based on provision matrix. However, while preparing the provision matrix, the Holding Company has not taken into account any forward looking information on the behavioural pattern of the customers.	The Company is catering service to around 2.78 crores consumers. These consumers are categorized into four categories for computing ECL viz. 1. Government authorities/bodies, 2. Permanent Disconnected Consumers, 3. Agricultural consumers and 4. Regular. The company has calculated ECL based on the past experience, practical expedient, segmentation of customers and their aging profile. The Company has considered the forward-looking information on the behavioural pattern of consumers, based on the practical expedient and future recovery plan and accordingly the provision matrix for ECL has been determined.
	e)	Trade receivables as shown in Note 11considered by the Holding Company while computing ECL are net of credit balances. As informed to us, the Holding Company is in the process of reconciling these credit balances inter-se.	Arrears as per IT records have been uploaded in accounts during the FY 2018-19. Also the categories such as Public service category are further classified into Public service - Govt and Public service -other for HT and LT Consumers. However the opening balance is not properly transferred to the sub categories. In case of PD consumers, consumers pay the last bill and the Security Deposits of the Consumers

		are also adjusted against the arrears. These are some of the reasons of credit balance in the categories. The company is in the process of reconciling these credit balances.
	f) Note 52(5)(II)(i)(a)relating to movement in ECL during the year. Considering that substantial amount has been written off as bad debts, we are unable to comment on the basis adopted for providing ECL and adequacy thereof. In the absence of audit trail / adequate details in respect of matters stated in paragraphs (a) to (f) above, we are not in a position to comment on the consequential impact of the same on the Consolidated Financial Statements of the Holding Company for the year under audit.	Company has made ECL taking into consideration various factors. The Company has around 2.78 crs consumers. These consumers are categorized into four categories for computing ECL 1) Government authorities/ bodies, 2)PermanentDisconnected consumers, 3) Agricultural consumers, 4) Regular The company has calculated ECL based on the past experience, practical expedient, segmentation of customers and their aging profile. Considering the above, according to the company the ECL seems to be adequate.
4.	**Deferred Taxes** As stated in Note 48(III)(I)(a) of the Consolidated Financial Statements, in view of the uncertainty regarding generation of sufficient future taxable income, deferred tax assets (Net of Deferred Tax Liabilities) have not been recognised and the details thereof have been disclosed. While disclosing the amount of deferred tax not recognised as per the requirement of Ind AS 12 'Income Taxes', the Holding Company has not considered deferred tax on: a) The amount of difference between book and tax base of Freehold Land.	a) Though there will be difference between book value and tax base of Freehold land, the value will not be realized unless there is sale. In case of distribution business, the land is acquired for specific purpose and is unlikely to be put on sale being state distribution licensee. Hence, the Company has not considered the deferred tax on such difference.

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b) Difference arising on account of amounts recognised in books of account and amounts to be recognised in accordance with ICDS IV ‘Revenue Recognition’, ICDS V ‘Tangible Fixed Assets’ and ICDS IX ‘Borrowing Costs’ (amounts not ascertained).

In the absence of adequate details, we are unable to comment upon the disclosed amount of Deferred Tax.
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<td>b) Deferred tax assets are recognised to the extent that it is probable that taxable income will be available. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.</td>
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Unexplained Balances and Classification & Presentation thereof:

a) The necessary data/ details pertaining to following accounts were not made available for verification during the course of audit.

(Rs. In lakhs)
<table>
<tr><th>General Ledger Code</th><th>Account Description</th><th>Assets / (Liabilities)</th></tr>
<tr><td>10303008</td><td>Deposit Cons-Advance payment against energy bill</td><td>(612.12)</td></tr>
<tr><td>10303011</td><td>Misc. deposit from consumer</td><td>(274.24)</td></tr>
<tr><td>10303013</td><td>Other Miscellaneous Deposits</td><td>(1,949.32)</td></tr>
<tr><td>10303015</td><td>Deposits from employees</td><td>(6.05)</td></tr>
<tr><td>10303016</td><td>Security Deposits received from collection agencies</td><td>(8,090.07)</td></tr>
<tr><td>10303017</td><td>Security Deposits Against Energy of A.G. Pump Under EGS</td><td>(567.40)</td></tr>
<tr><td>10303019</td><td>Security Deposit Payable to Consumers</td><td>(6,990.72)</td></tr>
<tr><td>10303020</td><td>Amount under Saubhagya Scheme</td><td>(0.52)</td></tr>
<tr><td>10501002</td><td>Liability for amount payable to licensees</td><td>(471.74)</td></tr>
<tr><td>10501007</td><td>SD from Vendor capital</td><td>(1,419.81)</td></tr>
<tr><td>10501008</td><td>EMD received from supplier & contractor-Capital</td><td>(646.78)</td></tr>
<tr><td>10501009</td><td>Security Deposits from vendor O&M</td><td>(11,225.31)</td></tr>
<tr><td>10501010</td><td>EMD received from supplier & contractors - O&M</td><td>(4,562.49)</td></tr>
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<td>These balances include very old balances in assets and liabilities for which details are not readily available. These balances are since trifurcation period and /or on migration to SAP software. The detail scrutiny of assets and liabilities is in process and necessary action will be initiated after due verification. The proposal for write off / write back of old balances, if required, will be initiated where the records are not available.</td>
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10501011	Security Deposits – Others	(684.23)
10501012	Refund of amount of Non-DDF Scheme	(10,289.04)
10501014	Retention money from suppliers contractors	(2,02,972.29)
10501015	EMD received from Customer	(97.87)
10501017	SD received from Customer	(151.52)
10700501	Deposit for temporary service connections	(2,063.01)
10900605	Dishonour cheque feed to consumer	(236.02)
10902001	Liability for Supplies/ Works & Maintenance Material Vendor	(53,708.53)
10902002	Payable to FI Vendor	(1,899.66)
10902004	Payable to Service Vendor	(355.35)
10902009	Payable to Employee as Vendor	(148.85)
10902103	Liability for expenses	(62,857.99)
10902107	Liabilities towards Employee Claims	(855.18)
10902108	Deposits from Employee	(42.46)
10902111	Provision for Expenses O&M	(24,383.89)
10902112	Provision for Expenses Capital	(283.34)
10902310	Deduction from salary payable to outside party	1,044.59
10902319	Stale Cheque	(577.91)
10902320	Miscellaneous Recoveries from Staff	(24.69)

10902323	Deposits for execution for Jobs	(10.00)
11000002	Provision for liability for expenses incurred by staff	(2,385.93)
20300006	AUC Manual Entry	50,274.38
20600001	Advances to Suppliers/ Contractor- Interest Bearing	5,655.08

20600002	Advances to Suppliers/ Contractor- Others	32,928.45
20600103	Other Deposits	2,215.52
20600209	House Building Advance	2.60
20901022	Dues towards thef	(4,664.55)
24000006	Computer Advances	1.74
24000008	T.A. Advance	161.71
24000009	Salary Adv.	3.66
24000010	Festival advances	1,042.77
24000012	Medical Advances	374.97
24000013	L. T. C. Advances	26.98
24000017	Advances to ITI Training Fee	18.85
24100005	Interest accrued and due on staff loans	(0.27)
24100006	Interest accrued and not due on staff loans	54.71
24100007	Amount receivable from employees*	351.49
24100008	Amount receivable from ex- employees*	16.17
24100010	Amounts receivables from other State Electricity Boards*	9,277.29
24100018	Advance to prospective employees	25.07
24100023	Short remittance by collection agency & employee / Ex-employee*	669.33
24100024	Receivable from supplier contractor	307.72
20600205	Loans and Advances to Licensees*	31.34
20901513	Receivable from Scrap Customer	830.54
20600298	Provision for Doubtful loans and advances	(1,980.51)
20901510	Sundry Debtor for sale in bulk-interstate	(4,477.92)

	*** These balances have been fully provided in the books.** Further various general ledger codes are being used interchangeably resulting in incorrect resultant balances. In the absence of appropriate explanation/reconciliation, we are unable to comment upon accuracy of these balances. The effect of the adjustments, if any, arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/ loss that may arise on account of non-recovery or partial recovery or write back thereof has not been ascertained.	
	b) The balances in various assets and liability accounts include (i) balances carried forward since trifurcation period (ii) balances uploaded on migration to SAP software, for which adequate details are not available and as such we are unable to comment on such balances and the impact, if any, on the Consolidated Financial Statements.	The detail scrutiny of assets and liabilities is in process and necessary action will be initiated after due verification. The proposal for write off / write back of old balances, if required, will be initiated where the records are not available.
	c) Further, in absence of necessary data/ details, we are unable to comment whether the classification of assets and liabilities in to Financial and Non-Financial, grossing up of assets and liabilities and their bifurcation in to Current and Non-Current are in accordance with the requirements of Ind AS 32 ‘Financial Instruments: Presentation’ and Schedule – III to the Act.	The Company has broadly classified the assets and liabilities into financial and non financial and their bifurcation into Current and Non-Current. In some cases, the classification is difficult being old balances carried forward since trifurcation period and uploaded on migration on SAP software. These items are listed out and classified as Current.
	d) Attention is drawn to Note 26 to the Consolidated Financial Statements, relating to sum of Rs. 3,468.92 Lakhs (PY Rs. 3,601.17 Lakhs) shown as provisions towards power purchase which are un-identified and included under Trade Payables – Current (Liability for purchase of power). Party-wise details of the said amount have not been provided to us for verification. As a result, we are unable to comment on the existence of the liability and consequential impact, if any, on the Consolidated Financial Statements for the year under audit.	The Provision of Rs.3468.92 Lakhs pertains to the FY 2017-18 and Party-wise details of the amounting Rs.3468.92 Lakhs have been prepared.

	e) The Holding Company has various Purchase Orders (PO), which have not been executed as on balance sheet date. The Holding Company has not mapped the Open Purchase Orders relating to capital items with capital commitment disclosure. In the absence of such mapping, we are unable to comment on the accuracy of the disclosure made in Note 42(D)(1)(III)towards capital and other commitments.	The segregation of Purchase Orders (PO), which has not been executed as on balance sheet date, between capital and other items, is made on the basis of available information. Also, the report for Purchase Orders (PO), which has not been executed as on balance sheet date is available in SAP.
6.	**External Balance Confirmations/ Reconciliations:** a) Attention is drawn to Note 52(3) to Consolidated Financial Statements - Balances of loans and advances, various other debit/credit balances and dues from government are subject to confirmations, reconciliations and consequential adjustments thereof. The system of third-party balance confirmations followed by the Holding Company needs to be strengthened further. In the absence of proper records / details, we are unable to ascertain the effect of the adjustments, if any, arising from reconciliations and settlement of old dues, possible loss / profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.	In case of loans, the confirmation from the financial institutes and banks are obtained. Moreover, in case of creditors for Power Purchase in most of the cases either confirmation has been obtained or reconciliation has been done. In case of Dues from Government, the correspondence with company can be treated as the confirmation of balance with Govt. For most of the vendors the Communications were sent for balance confirmation. In some cases confirmation is received. In some cases in spite of follow up the confirmations are not received.

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b) Attention is drawn to Note 12 and Note 52(3) to the Consolidated Financial Statements regarding non-availability of:

(i) Balance confirmations from Post Offices

The details in respect of balances with Post Office as per books of account for which confirmations are not available are as under:

(Rs. In Lakhs)
<table>
<tr><th>FY</th><th colspan="2">Balances with Post Office</th></tr>
<tr><th></th><th>Total Debit balances</th><th>Total Credit balances</th></tr>
<tr><td>2019-20</td><td>36,410.80</td><td>26,313.08</td></tr>
<tr><td>2018-19</td><td>28,480.38</td><td>18,936.05</td></tr>
</table>

(ii) Balance confirmations from DCC Bank in respect of balances amounting to Rs. 1,154.23 Lakhs. ¬Of these, balances amounting to Rs. 1,061.66 Lakhs are doubtful of recovery. No provision has been made in respect of these balances amounting to Rs. 1,061.66 Lakhs.

(iii) Reconciliation of Post Offices and District Central Co-operative Bank (DCC) accounts.

(iv) Reconciliation in respect of 34 Bank accounts with balances aggregating to Rs. 134.69 Lakhs.

(v) Confirmation in respect of 75 Bank accounts with balances aggregating to Rs. 162.42 lakhs.

In the absence of availability of balance confirmations /reconciliations, we are unable to comment on the consequential impact, if any, of the same on the Consolidated Financial Statements for the year under audit.
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Balance confirmation has been sought from Post offices. However, the Post Office has informed that confirmation of balances as requested is not possible in their system. Now, the collection from Post office is discontinued from FY 2019-20.

The reconciliation of balances with post office is in process.

The reconciliation of DCC bank is carried out in all circles. In few circles there are some old unreconciled balances due to unavailability of data/ records. It is pending due to old un reconciled balances.

The Reconciliations in respect of 37 banks accounts with balance aggregating to Rs. 189.18 Lakhs have been done.

Also, the balance Confirmation in respect of 48 Bank accounts with balance aggregating to Rs. 74.43 lakhs have been obtained.
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<td>c) As stated in Note 45(D) to the Consolidated Financial Statements, there is a difference of Rs. 4,54,213.58 Lakhs (PY Rs. 2,70,050.00 Lakhs) in balances receivable/payable as appearing in the books of account of the Holding Company and the corresponding balances in the books of the group companies. The same are subject to confirmation and reconciliation.</td>
<td>It includes difference of Rs.4,40,922 lakhs pertaining to Power Purchase transactions with MSPGCL & MSETCL due to DPS claimed by MSPGCL & MSETCL and unaccepted bills by MSEDCL.</td>
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	In the absence of reconciliation, we are unable to comment on the impact thereof, if any, on the Consolidated Financial Statements.	The balance confirmation and reconciliation of outstanding balances with group companies for Loan and Advances have been provided. Balance Confirmations in case of trade payables for MSPGCL and MSETCL have been provided. Also the Reconciliation of generators including MSPGCL has been provided. The Reconciliation of MSETCL is in process. In case of MSEB Holding company, there are balances related to the erstwhile MSEB, which are not accepted by MSEDCL amounting to Rs. 20705.53 lakhs and it is also requested to holding Company to write off /write back in their books.
7.	**Regulatory Deferral Accounts:** As stated in Note 52(6), during the year, the Holding Company has recognised¬ Regulatory Assets in the current year amounting to Rs. 8,44,661 Lakhs (income) [In PY 2018-2019, the Holding Company had reversed Regulatory Assets amounting Rs. 49,500 Lakhs (expenses)]¬. While computing the said Regulatory Assets, the Holding Company has not taken in to account the efficiency gain/loss arising on account of power distribution as per the MERC guidelines. As per the practice followed by the management, necessary adjustment on this account will be made when the same is approved by MERC.	The Maharashtra Electricity Regulatory Commission (MERC) has prescribed the methodology for calculation of AG sale consumption and Distribution loss in the tariff order dated 30.3.2020 and recalculated the Distribution Loss for the period from FY 2014-15 to FY 2018-19 and computed the efficiency loss on distribution loss and reduced from ARR. Thus, there is possibility that the MERC may re-compute the AG consumption and distribution loss thereon. Hence, the efficiency gain/loss has not been taken into account while calculating Regulatory Assets.

8.	**Refund of Regulatory Liability Charges:** As stated in Note no. 52(22), during FY 2003-04 to FY 2006-07, the Holding Company had collected Regulatory Liability charges from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs (out of the amount collected) to the consumers. The Holding Company has refunded Rs. 3,12,394 Lakhs up to 31.03.2020. The Holding Company has not made provision towards the balance amount of Rs. 10,306 Lakhs (PY Rs. 10,483 Lakhs) refundable to the consumers.	As per the information available with the Company there is no outstanding demand of refund of RLC. Hence, no provision is required to be made.
9.	**Government Grants and Consumer Contributions:** a) As per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance', government grant for capital assets is recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortises the related costs of such capital asset. The Holding Company assumes that all grants received are utilised and the assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence with regard to utilization of grants, we are unable to comment on the consequential impact on the Consolidated Financial Statements.	The Accounting policy in this regard is disclosed at point no 6 in Note 2 on "Significant Accounting Policies" as under; "Government grants relating to the purchase of property, plant and equipment are presented as Capital Grant in financial statements and are credited to profit and loss in a systematic manner over the expected life of the related assets and presented within other income." The Grants are immediately utilized to create the assets and as such amortisation starts in the same year. During FY 2019-20 the company has considered only utilized grant, based on Chartered Accountant's Certificate, for major schemes i.e. DDUGJVY, IPDS and HVDS for amortization of Grants.
	b) Consumer contribution for capital assets is recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortizes the related costs of such capital assets. The Holding Company assumes that all contributions received are utilized and the related assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence with regard to utilization of consumer contribution, we are unable to comment on the consequential impact on the Consolidated Financial Statements.	The Accounting policy in this regard is disclosed at point no 6 in Note 2 on "Significant Accounting Policies" as under; "Consumer Contributions relating to the purchase/ construction of property, plant and equipment are credited to profit and loss in a systematic manner."

		The Consumer Contribution is generally utilized to create the assets in the year it is received and as such amortisation starts from the same year.
10.	The contingent liabilities as disclosed in Note No. 42(D) ¬is based on information as provided and confirmed by the management. In the absence of adequate documentation by the Holding Company and adequate audit trail, we are unable to comment on the completeness of the disclosure of the contingent liabilities.	The circle wise list of contingent liability duly vetted by Law officers with relevant documents such as court orders, Income Tax orders, Income Tax Appeal documents and orders etc. have already been provided to Auditors.
11.	**Finance Costs:** a) Attention is drawn to Note 42(D)(1)(I)(iii)(C)(a) relating to accounting in respect of Delayed Payment Surcharge (DPS). There is a variation in the method of computing interest as adopted by the Holding Company and as adopted by Maharashtra State Power Generation Corporation Limited (MSPGCL). The Holding Company has accounted for Delayed Payment Surcharge by apportioning the payments made towards principal outstanding as against apportionment towards interest by MSPGCL. As a result, for the year, there is short provision of DPS amounting to Rs. 1,96,293 Lakhs (PY Rs. 1,70,036 lakhs) in respect to MSPGCL. The accumulated short provision relating to MSPGCL till 31st March 2020 is Rs. 6,80,617.00 lakhs (PY Rs. 4,84,324.00 Lakhs).	As per Article 9 of PPA, 'Billing and Payment' clause no 9.3 (c), ' in case payment of bills is delayed by MAHAVITRAN beyond due date of payment of bills, late payment surcharge at the rate of 1.25 % per month calculated for number of days for which payment delayed shall be levied by MAHAGENCO'. However, methodology for appropriation of payment is not defined in the PPA. MSEDCL has appropriated payment towards principal first and balance, if any, is adjusted against DPS thereafter, and difference is shown as contingent Liability. As such for the year, there is no short provision of DPS amounting to Rs. 6,80,617 Lakhs.

	b)	Attention is drawn to Note 42(D)(1)(I)(iii)(C)(b)) in respect of DPS relating to Maharashtra State Electricity Transmission Company Limited (MSETCL) on amount of principal due as at 31st July 2015 being claimed by MSETCL despite direction for waiver by MSEB Holding Company. The total amount claimed and not accounted by the Holding Company as at 31st March 2020 is Rs. 79,364 Lakhs (PY Rs. 63,368.00 Lakhs). Further, full details in respect of DPS relating to MSETCL for the year have not been made available. In the absence of adequate details, we are unable to comment on the amount of shortfall in the DPS provision for the year and accumulated provision till 31st March 2020 relating to MSETCL.	As per the policy followed by MSEDCL DPS liability has been accounted as calculated by MSEDCL. This calculation was shared and explained to auditors. Difference between the claim from MSETCL and accounted by MSEDCL is shown as contingent liability. However detailed working of DPS received from MSETCL could not be verified and explained to the auditors as the same was received substantially late.
	c)	Refer Note 42(D)(1)(I)(iii)(C)(b)) to the Consolidated Financial Statements. The Holding Company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate/ Marginal Cost of Fund-Base Lending Rate (MCLR) rate plus 2% instead of SBI Prime Lending Rate plus 2% as specified in the Power Purchase Agreements resulting in short provision of Rs. 1,83,642.00 lakhs for the year 2019-20 (PY Rs. 56,091.58 Lakhs). The accumulated short provision as at 31st March 2020 is Rs. 2,84,428.00 Lakhs (PY Rs. 1,00,786.45 Lakhs).	As per Provision of PPA, in the event of delay in payment of monthly or supplementary bill by MSEDCL to the generator, surcharge is payable for the period of delay at the rate of SBAR plus 2%. Generators claim DPS (Delay Payment Surcharge) at the rate of SBI Prime Lending Rate plus 2%. However, with the introduction of Base Rate system in July 2010 & MCLR in April 2016, the concept of Prime Lending Rate is changed. Hence, MSEDCL has filed an Appeal bearing No. 77 of 2018 in Hon. APTEL to consider the introduction of Base Rate/ MCLR by RBI as a change in law event. Hence the matter is under adjudication in Hon. APTEL and there is no decision in the matter. Therefore, MSEDCL shows the difference between the DPS worked out by it and the DPS claimed by Generators as Contingent Liability in Financial Statements.

		Hence, there is no short provision of delay payment charges payable to Independent Power Producers as on 31st March, 2020.
12.	**Employee Benefit Expenses:** The Holding Company is giving various allowances such as Orderly allowance, Professional Pursuit Allowance, Entertainment Allowance and Book Allowance to its employees. Arrears paid on these allowances were not subjected to Tax Deducted at Source (TDS). Further, Orderly Allowance paid during the year has not been subjected to TDS. We are unable to comment on the -additional tax liability, if any, arising due to such non-compliance.	 The corrective action has been taken in FY 2020-21.
13.	**Non provision of various expenses:** a) As mentioned in Note 42(D)(1)(I)(iii)(B)(a) to the Consolidated Financial Statements, the Holding Company has not provided for the liability towards compensation for incremental coal cost pass through pursuant to New Coal Distribution Policy (NCDP) payable to Adani Power Maharashtra Limited (APML) amounting to approx. Rs. 1,80,700 Lakhs (including carrying cost of Rs. 38,600 Lakhs) (PY Rs. 1,80,700 ¬ Lakhs).	It is shown as contingent liability because Hon'ble ATE had issued the judgment on operational parameters such as GCV of coal and Station heat rate etc. and remanded back the matters to Hon'ble MERC for Consequential order. Quantification of exact impact is still not done.
	b) As mentioned in Note 42(D)(1)(I)(iii)(A)(c) to the Consolidated Financial Statements, the Holding Company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Private Limited (RGGPL) amounting to Rs. 4,22,856 Lakhs (PY Rs. 3,51,004 Lakhs). Sum of Rs. 18,101 Lakhs (PY Rs. 18,101 Lakhs) paid to RGPPL has been shown as advances.	As per RGPPL Letter dtd. 07.06.2019, Rs.1,80,000 Lakhs (excluding surcharges) is kept under abeyance as per minutes of Meeting held on 17.08.2015 at Prime Minister's Office. Earlier, MSEDCL has paid an amount of Rs.18,101 Lakhs as advance. The amount of Rs. 4, 22,856 lakhs is considered as Contingent Liability. However, the said amount may also get pass through in ARR, if liable to pay. Therefore, the said amount also been treated as Contingent Asset. However, if there is any coercive action initiated from RGPPL against the liability, MSEDCL may move to Hon'ble Supreme Court as per its order dated 13.05.2015.

	c) As mentioned in Note 54(8)(b) to the Consolidated Financial Statements, the Holding Company has not made provision of Rs. 5,096 Lakhs for amount payable to distribution franchisee, Spanco Nagpur Discom Limited on termination.	The Company has accounted the receivable for □ 19309 lakhs in FY 2019-20. Also, final termination process in respect of SND Ltd is in progress and after finalisation of termination process, the final reconciliation will be done and necessary accounting entry will be passed.
14.	**Other Items:** a) As stated in Note 52(21) to Consolidated Financial Statements, every year the Holding Company is required to invest in specified securities an amount equivalent to contingency reserve created during the preceding year as specified in the Maharashtra Electricity Regulatory Commission (MERC) Guidelines. The Holding Company has invested Rs. 12,819.38 Lakhs in earmarked investments during the year. The total amount invested in earmarked investments as at 31st March, 2020 is Rs. 31,369.82 Lakhs (PY Rs. 18,572.55 Lakhs) as against the contingency reserve of Rs. 1,09,976 Lakhs till 31st March 2020 (PY Rs. 95,700.00 Lakhs).	The Company was passing through a critical financial situation during this period and was not having sufficient funds to discharge the liabilities even of routine Operations & maintenance payments. The issue was deliberated in the Board Meetings and it was decided that, it would not be prudent to borrow the funds from the Banks at higher rates of interest and invest the same in contingency fund at lower rate at this juncture. The Company has invested Rs. 12,819.38 Lakhs in earmarked investments during the year. In view of the above mentioned situation and considering the problem of liquidity crunch the total amount invested in earmarked investments as at 31st March 2020 is Rs. 31,369.82 Lakhs (PY Rs. 18,572.55 Lakhs) as against the contingency reserve of Rs. 1,09,976 Lakhs till 31st March 2020 (PY Rs.95,700.00 Lakhs). MERC allows the Expenditure to the extent of actual investment made against contingency reserve.
	b) The Holding Company has shown a sum of Rs. 2,04,802.10 Lakhs (PY Rs. 1,22,153.35 Lakhs) and Rs. 53,708.53 Lakhs (PY Rs. 70,207.98 Lakhs) as	The same will be reconciled and necessary rectification entries will be passed in FY 2020-21.

		liabilities towards Clearing Goods Receipt Invoice Receipt (GRIR) and Liability for supplier Work & Maintenance respectively. These balances are net of debit balances. In the absence of requisite data and audit trail, we are not in position to ascertain the impact on the Assets and Liabilities of the Holding Company.	
	c)	Attention is drawn to Note 52(10) to the Consolidated Financial Statements regarding non-identification of creditors as to their status under Micro, Small and Medium Scale Enterprises (MSME) Act and provision for interest payable to such parties. The liability on this account, if any, has not been quantified by the Holding Company. As such, we are unable to ascertain the interest provision (if any) required and its consequential impact on the profit for the year under audit. Due to non-identification of MSMED parties, the disclosures, as required by the relevant Statute have not been made by the Holding Company.	Due care has been taken to release the payment to MSME parties within due date.
	d)	On the basis of checks carried out by us during the course of our audit certain system/control issues related to negative values in Opening balance, additions, closing balance, computation of depreciation, were observed resulting into incorrect values of Property, Plant and Equipment. ¬In the absence of any systems audit being conducted by the Holding Company, we are unable to comment on existence of other system related deficiencies, if any. Impact of the same is not ascertainable.	Negative AUC asset additions are due to Reversal of Goods issue, Reversal of MIGO (Centages SES). Earlier the user had option to select the elements (line items) against the particular WBS for settlement of asset. The user created assets by selecting positive amounts only instead of selecting net amount (i.e. net of positive and negative value of line items). Subsequently user created the assets for negative value. Now, Development has been made in the system whereby while settling the amount in AUC, the entire amount against the respective WBS element is transferred to Asset and as such no such error will occur in future.
	e)	There is a difference in balance of security deposit from consumers as per books of account and IT database as mentioned below [Refer Note No. 52(5)(II)(i)(a)(c)]	The same will be reconciled and necessary rectification entries will be passed in FY 2020-21

<table>
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(Rs. In Lakhs)
<table>
<tr><th>Particulars</th><th>Balance as on 31.03.2020 as per books of account (A)</th><th>Balance as on 31.03.2020 as per IT Database (B)</th><th>Differences
(A) - (B)</th></tr>
<tr><td>Security deposits</td><td>8,10,679.84</td><td>8,08,783.09</td><td>1,896.75</td></tr>
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The Holding Company is in the process of reconciling the said differences.
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<td>f) The Holding Company has availed a loan (sanctioned amount Rs. 8,50,000 Lakhs – amount outstanding as at 31st March 2020 Rs. 7,51,250 Lakhs (PY Rs. 8,08,125.00 Lakhs)) from Rural Electrification Corporation Limited (RECL). The said loan is guaranteed by the Maharashtra State Electricity Board Holding Company Limited (Ultimate Holding Company) for which no amount has been charged by the Ultimate Holding Company. The financial guarantee has, however, not been fair valued as required under Ind AS 109. As a result, the profit for the year is higher by Rs. 8,728.61 Lakhs and the accumulated balance in retained earnings is higher by Rs. 14,637.47 Lakhs as at 31st March 2020.</td>
<td>The Holding Company has given corporate Guarantee to REC in favour of the Company. There is no intention of Holding Company to gain any commercial benefit out of such Corporate Guarantee. Also, the charge has already been created on assets of the Company for the loans availed by REC. Corporate Guarantee provided by Holding Company is an additional cover to secure the liability. Therefore, the Holding Company has not charged any Guarantee fee or commission on corporate Guarantee provided. Hence, no fair value of such corporate Guarantee given by Holding company has been recognized as per IND AS 109 and incorporated in the books of accounts.</td>
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<td>15.</td>
<td>Various qualifications listed in paragraphs 1 to 15 above will have a consequential impact on provision for Income Tax, Regulatory Assets and Deferred Tax. Impact of the same is not ascertainable. Further, the various qualifications above have not been taken into account while arriving at the materiality threshold for the purpose of restatement of accounts as per requirement of Ind AS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”.

Our report for the preceding year was also modified in relation to paragraph no. 1(a to d), 2(b), 3(a), 3(c to e), 4(b), 5(a to e), 6(a to d), 7(a to b), 8, 9(a), 10, 11(a), 11(c), 12, 13(a to b), 14(b to e).</td>
<td>Refer to replies given above.</td>
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The effects of the matters described above, which could be reasonably determined/ quantified, on the elements of the accompanying Consolidated Financial Statements are tabulated as under: -

Impact on Statement of Consolidated Profit& Loss

(Rs. in Lakhs)

Sr. No	Relevant paragraph	Particulars	FY 2019-20 Overstated/ (Understated)
1	11(a)	Delayed Payment charges	1,96,293
2	11(c)	Power purchase - Delayed payment charges	1,83,642
3	13(b)	Non provision of expenses - fixed charges	71,852
4	13(c)	Non provision of expenses- DF liability	5,096
5	14(f)	Non-Provision of Corporate Guarantee	8,728.61
		Total	**4,65,612**

Impact on Consolidated Balance Sheet

(Rs. in Lakhs)

Sr. No	Relevant paragraph	Particulars	FY 2019-20 Overstated/ (Understated)
1	8	Current financial liabilities – Regulatory Liabilities	(10,306)
2	11(a)	Delayed Payment Charges-Trade Payable	(6,80,617)
3	11(c)	Current financial liabilities – DPC- short provision	(1,80,700)
4	13(a)	Non provision of expenses - Coal pass through	(4,22,856)
5	13(b)	Non provision of expenses – Fixed charges	(10,306)
6	14 (e)	Security deposits from Consumers	1,897
7	14(f)	Other Equity -Corporate Guarantee	(14,637)
8		Retained Earning	13,17,525

	In case of Subsidiary Company (MSPGCL): 1. The Company has recognized Revenue on account of interest by way of Delayed Payment Surcharge (DPS) to be billed to MSEDCL, for the current financial year, amounting to Rs. 2544.30 Crores. (Accumulated Rs. 12350.59 Crores till 31st March, 2020) as per the past consistent methodology adopted by the Company for working of the DPS amount. The DPS amount as billed till 31st March, 2020 may not be fully realizable and is doubtful of recovery as MSEDCL has disputed the same. MSEDCL, vide its letter dated 28.08.2019, has communicated that, MSEDCL has unilaterally adopted a different methodology during 2018-19 for working out DPS amount and as a result there is a vast difference in DPS amount as billed by Mahagenco and what is worked out as per MSEDCL methodology. Till 31st March, 2019 such excess billing by Mahagenco as per MSEDCL worked out to Rs. 4843.23 Crores. For the year 2019-20, the same is not ascertained till date as DPS for the year 2019-20 is `accounted for as 'Unbilled Revenue". Pending final outcome and resolving of the revived dispute with MSEDCL for appropriate DPS amount, no provision has been made against the doubtful recoverable DPS amount which is still to be crystallized and be acceptable to both MSEDCL and the Company. (Refer Note No.50(12) to FS)	Company has been issuing surcharge bills to MSEDCL since FY 2009-10, by adopting a methodology of appropriation of funds received from MSEDCL, first towards interest and balance money towards principal arrears. Till F.Y 2017-18, MSEDCL has also agreed to the amount worked out as per above methodology. It has also accounted for the same in its financial statements of F.Y. 2017-18. However, in FY 2018-19, MSEDCL unilaterally adopted different methodology wherein they considered appropriation of payments towards principal first and balance towards interest on delayed payment. As a result, as on 31-03-2019 MSEDCL has reduced surcharge liability of Rs. 4843.23 Crores from their books of Accounts. The company has not agreed for the change in methodology of surcharge amount calculations and thus continued the method adopted by it since the beginning.
	2. Attention is invited, in particular, to balance recoverable from Maharashtra State Electricity Distribution Company Limited (MSEDCL) for electricity supplied as per Power Purchase Agreement, of Rs.17820.36 Crores, balance recoverable from Maharashtra State Electricity Transmission Company Limited (MSETCL) of Rs. 128.83 Crores are subject to confirmation and reconciliation. However, we are informed that the Company has sent letters asking for confirmation but replies are not received by the Company. In the absence of sufficient and appropriate audit evidence, we are unable to opine on the consequential impact, if any, on the status of these balances and the loss for the year of the Company.	In addition to generation of power from existing plants, Company has also been setting up new power plants in thermal and solar based categories. As such, Company enters into numerous transactions with various customers / vendors. As a practice, the Company issues balance confirmation letters to various vendors / customers / lenders etc. Further, Company also undertakes reconciliation with the vendors which is an on-going process.

		However, owing to various kind of reasons not attributable to company alone viz., late submission of invoice by vendors, lack of response against the balance confirmation requests, incorrect details provided by vendor, claims / counter claims etc, reconciliation or adjustment takes more time in case of some vendors. Company continues to make necessary provisions against the vendor balances wherever required. Company has carried out reconciliation of Rs 17608 crs with MSEDCL and has been signed by both the Companies, however, the same is excluding solar receivables which are much smaller in proportion to overall revenue of the company. Similarly, Company has issued balance confirmation request to State Load Despatch Centre of MSETCL in respect of Reactive Energy Charges and the confirmation is awaited.
	3. The balances of Coal Companies are subject to confirmation from respective coal companies and reconciliation. Majority of the balance pertains to old outstanding unadjusted balances since past few years. In our opinion, the company does not have a reconciliation based on General Ledger balances. In absence of the same we are unable to comment on consequential impact on the financial statements of the Company. The details of Coal Company-wise outstanding advances are as under:	Company generally carries out Bill to bill reconciliation with coal company on quarterly basis, however there has been certain time lag in current year & it would be Company's endeavour to carry out the reconciliation of book balance in ensuing year.

(Rs. in Crores)

Name of Supplier	Balance as per MSPGCL books as at 31st March, 2020
Singareni Collieries Co Ltd	172.31 Cr
South Eastern Coalfield Ltd (SECL)	260.92 Dr.
Western Coalfields Limited – WCL	91.82 Cr.
Mahanadi Coalfields Limited	5.56 Cr.
Total	8.77 Cr.

Pending such confirmation and completion of reconciliation and proper posting of debit notes issued by the coal companies, no provision has been made for the performance incentive bills / short lifting of coal. Impact is unascertained since the Company has disputed these claims and also has lodged certain counter claims against coal companies. In view of the same, we are unable to comment on consequential impact on the financial statements of the Company.

4. The balances of Railway companies are subject to confirmation and reconciliation. Majority of the balance pertains to old outstanding unadjusted balances since past few years, which is highlighted as under:

(Rs. in Crores)

Name of Supplier	Balance as per MSPGCL as at 31st March, 2020
South Central Railways (Account 30000)	22.15 Dr.
South East Central Railways (Account 30001)	113.96 Dr.
Central Railways (Account 43000)	35.63 Dr.
Total	171.74 Dr.

Pending such confirmation and completion of reconciliation, the consequential adjustments in financial books could not be made. In view of the same, we are unable to comment on the consequential impact on Financial Statements of the Company.

Review of the Railway balance has been conducted by the Company and certain clearance has already taken place compared to previous year. The balance clearance will be attempted in the ensuing year & necessary accounting entries will be posted thereof.

	5. The balances of trade receivables, loans and advances, deposits and trade payables are subject to confirmation from respective parties and/or reconciliation as the case may be. Pending such confirmation and reconciliation, the consequential adjustments are not made. However, we are informed that the Company has sent letters asking for confirmation to its vendors and wherever such confirmations are received the same is getting reconciled and we are informed that such reconciliation is a continuous and an on-going process for the Company. In the absence of sufficient and appropriate audit evidence, we are unable to opine on the consequential impact, if any, on the status of these balances and the loss for the year of the Company.	Factual
	In case of Subsidiary Company MSETCL The following items form the basis for our modified opinion: 1.1 Attention is invited to note no. 51(13) of Consolidated Ind AS Financial Statement giving details about accumulated Delayed Payment Charges ('DPC') as at 31st March 2020 amounting to Rs. 85,499 Lakhs (with reference to 8 distribution licensees) relating to Financial Year 2015-16 under the head 'Other Income'. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC had reduced the Aggregate Revenue Requirement ("ARR") of the Company for F.Y. 2015-16 by the said amount, and classifying it as 'Non-Tariff Income'. Data/ details pertaining to the certainty over the realisability of such income (i.e., Trade Receivable) are not available with the Company. The accounting of such DPC as 'Other Income' in FY 2015-16 is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No. 2(11)(III) states that "Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain". Had the Company not recognized such income of Rs. 85,499 Lakhs in the said earlier year, its balance of the retained earnings in the Statement of Profit & Loss and balance of Trade Receivable Account would have been lesser to that extent.	The fact has been disclosed in the Financial Statements vide Note No 44. STU raises the Monthly Tariff Charges Invoice to Distribution Licensees including the accumulated amount of DPC.

	1.2	In terms of Provisions of section 143(12) of the Act, reporting of fraudulent practice noted in course of our audit, was made to the Central Government (CG), Secretary, Ministry of Corporate Affairs on April 24, 2020 pertaining to excessive claims getting reimbursed towards leave encashment of several employees being in non-compliance of Company's laid down policy. The controls pertaining to processing and payment of such claims were not observed to be appropriate, including the records like 'Service Book' of employee remaining blank for years, the estimated impact of such excessive claims being in addition to Rupees One Crore, reporting to CG was made. Impact for reversal, write back of such excess paid/ provided is not yet ascertained.	1. On the basis of extract submitted by auditor, 717 employees' have received excess leave encashment. However, on investigation, it is revealed that there were only 74 instances of multiple leave encashment. 2. Majority of the multiple entries that are seen in the ERP system are due to the payment of DA arrears, Higher Grade Benefits and also due to the wage revision done in the year 2014. 3.However,irrespective of considering quantum of misconduct, HR. Dept. has taken this matter very seriously and directed to field offices and CO to ensure 100% recovery. 4. As such, a total amount of Rs. 43,12,879 was recovered on account of multiple leave encashment and the said fraud was not tuned to Rs 100 Lakhs as what statutory auditor pointed. 5. Action Taken: a. An independent vigilance enquiry has been initiated vide letter no. 2137 dated 15.04.2020 and report thereof is awaited. b. In order to prevent such misuse of the system and full proofing of the system, ERP system has been re-designed and re-configured. Now, system will not allow multiple entry of leave encashment. c. Disciplinary action is already started against the identified maker and checker responsible for the multiple leave encashment vide letter No. 2217 dated 03.06.2020.

		d. It is directed to maintain Leave Register for each block period and shall be post audited through the F&A personnel by the method of cross checking with the General Ledger Account of Leave Encashment in SAP system.
	1.3 The Company's system/ processes to ascertain provision towards leave encashment, based on actuarial valuation needs to be strengthened, as the data of leaves and gratuity generated from the system and furnished to the actuary for valuation, was observed to be inaccurate. Accordingly, we are unable to comment upon the adequacy or otherwise of the actuarial valuation made in respect of leave encashment and gratuity valuations in the books of accounts, amount whereof has not been ascertained.	It was directed to all the offices to prepare data of fresh leave quota on the basis of on Service Book. Based on their data submitted to ERP Core Team, the ERP Core Team have uploaded the same in the system. Now, while submitting the data for actuarial data to Actuary, it is found that some of the data of leave quota was mis-match which is on later date rectified the error and sent finally to Actuary for valuation. Now, it is assured that next time more caution will be taken and 100% accuracy will be sent for valuation.
	1.4 Party- wise break up of trade receivables with ageing is not readily available from the system. The details of ageing of Trade receivables prepared manually contained several inaccuracies. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on simplified version of Expected Credit Loss ("ECL") Method.	Since, the generation of invoices and auto posting thereof in SAP system is under development, the details regarding ageing of trade receivables were provided in excel utility. The Company appropriates the monies received from Distribution Utilities towards the clearance of old dues first, the outstanding dues pertains against latest invoices. Accordingly ageing analysis were provided during the course of audit.

	1.4.1 Further, details/ breakup/ confirmations of Trade receivables aggregating to Rs.2,73,028.22 Lakhs, sought for, were not made available for verification during the course of audit. Consequential impact of ascertainment of the realizability from these Trade Receivable and resultant provision, if any, for bad and doubtful debts on the Consolidated Ind AS financial statements has not been ascertained. Based on selective checking of available data/ information from the system and from State Transmission Utility ("STU") invoicing cell, it was noticed that trade receivables from several parties totalling Rs13,954.33 Lakhs are considered doubtful of recovery but not provided for.	Though details of trade receivable have been provided, the balance confirmation from all the debtors have not received. As per the Company's assessment the provision for bad and doubtful debt is sufficient. Out of Rs 13954 lakhs Rs.11613 lakhs have already been provided.
	1.4.2. Further, differences were noted amounting to Rs.12,823.08 Lakhs in trade receivables as per SAP System and as per statement furnished by the STU of the invoices raised. In absence of complete data/ details, explanations of such differences, the combined impact thereof could not be ascertained.	STU has already submitted detail reconciliation for differences. The differences were mostly because of entries done by SLDC and field offices entries which were not in invoice of STU.
	1.5 In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", the Company had availed option of Cost model of accounting for its Property, Plants and Equipment's ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted. Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in dates of capitalization, critical spare items capitalization, etc. In absence of complete data/ details of such instances out of numerous line items of PPE, the combined impact of such erroneous depreciation is not ascertained.	The Company has appropriately done adjustment of deemed cost for PPE as on 01.04.2015. The consideration of net block as deemed cost is done as per guidance note on Ind AS Such II by ICAI read with Ind AS 101 and appropriate disclosures have been made in the financial statements. Depreciation as per Ind AS on amount as per original cost method or as per carrying cost method comes to the same figure, as in SAP-ERP depreciation will be calculated on the original amount, also the residual value of 10% as per MERC regulations has been considered in the SAP-ERP for each asset. It is only for disclosure purpose in the financial statements. Company cannot change its present fixed assets register and fixed assets schedule in the system.

		In respect to depreciation for assets whose date of commissioning is prior to April 2019, the same needs to be manually calculated and entered in SAP/ERP System. This is due to late receipt of Work Completion Report (WCR). However, procedures are being devised for the generation of WCR through SAP/ERP itself, which would elimate the manual depreciation entry in future.
	1.5.1 Moreover, deferred tax liability amounting to Rs.7,549.17 Lakhs under the head PPE recognized, could not be satisfactorily explained in course of audit.	The Company has provided for the impact due to treatment of Inventory (Standby Equipment's) as Property, Plant and Equipment's as per Ind AS 16 in the Financials. However, the same is done manually as configuration of this treatment in SAP/ERP is under process. This impact accrues DTA/DTL based on the data available. The said working is being reverified through the services of Ind AS Consultant for proper confirmation.
	1.5.2 The Company has not maintained adequate details pertaining to items/ components giving rise to deferred tax assets/ Liability (DTA/ DTL). In absence whereof the recognition and disclosure of the DTA/ DTL not being complete and correct, the impact thereof on Statement of Profit & Loss for the year is not ascertained.	
	1.5.3 Without prejudicial the generality above, based on the scrutiny of available details of Asset register (ar01) during the course of our audit, the following discrepancies were also noticed:	
	a. Several items of fixed assets whose useful life has fully exhausted totallingRs.28,768.64 Lakhs (Gross Book Value), Rs.21,027.95 Lakhs (Accumulated Depreciation) and having net book value of Rs.7,740.68 Lakhs, are part of said register, resulting in overstatement of the value of PPE to that extent.	MSETCL uses the Assets, if in working condition, even if the useful life of the asset as per technical norms is exhausted. However, necessary policy would be devised to create an new asset class for such old but in use assets.
	b. Depreciation is being charged on assets whose useful life is fully exhausted having estimated impact of Rs.2,672.00 Lakhs on Statement of Profit & Loss.	Necessary check points are initiated in the SAP/ERP System for controlling occurrence of such instances.

	1.6 Based on the scrutiny of available details of free hold land, it was noticed that in the past, several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/ details of such instances, the impact thereof on Consolidated Ind AS financial statements is not ascertained.	Considering the numerous number of agreements that too from MSEB period, the task of identifying leasehold land clubbed under freehold land is difficult, however, the process of identifying the same has been initiated in the Field Units
	1.7 It is noticed during the course of audit that 66KV substations/ transmission lines having Gross Book Value amounting to Rs.17,846.08 Lakhs and accumulated depreciation Rs.12,260.47 Lakhs as at 31st March 2020 are not in use for the operations of the Company. Pending testing for impairment of the same, we are unable to comment upon the carrying value of such assets in the books of accounts.	The 66KV lines and S/S are in operation, however, for ease, the operation and maintenance of these assets have been entrusted on MSEDCL by handing over the said assets. However, the modality for determining consideration for such transfer is under consideration.
	1.8 It is observed from the SAP generated report (4.4 - Capex report) by the Company, Negative capital expenditure is charged to (reduce from) some schemes amounting to Rs.6,391.00 Lakhs for which no plausible explanation could be provided. To that extent Asset Under Construction (AUC)/ Capital Work in Progress (CWIP) in the Balance Sheet is understated. Further, there is no movement in some AUC line items since last more than two years, indications of impairment if any have not been tested by the Company for making appropriate provisions, impact thereof on the Consolidated Ind AS financial statements cannot be commented upon.	Field Units has adjusted the ORC deposit received against the CWIP incurred. However, the adjustment is done in current year for previous years too, hence the capex during the year shows negative amounts. If the adjustment is done from the Opening Capex amounts, the during the year capex would show NIL or Positive Amounts
	1.9 From April 1, 2019, the new accounting standard i.e., Ind AS 116 "Leases" became effective. The Company has adopted the new standard with modified approach and recognized asset in the form of 'Right to Use' (representing its right to use the leased asset over the lease term) and also liability towards present value of the balance of future lease payments for the leases. However, due to non-availability of lease documents and other records relating to several properties taken under lease, the Company is not able to identify and recognize the Right to use of said leases, hence no treatment was given in terms of provisions of Ind AS 116 for such leased assets. Impact thereof on the Consolidated Ind AS financial statements has not been ascertained.	As discussed with the Ind AS Consultant, the leasehold land which is taken from GoM/ CIDCO/MIDC are to be shown as Right of Use Assets. However, no lease liability is to be created as discussed in the ITFG, as there is no lease liability accruing on such assets.

	1.10 The policy about inventory valuation of the Company (Note No 2(6)(II)) states that inventories are valued at lower of cost or net realizable value ('NRV') but in course of our audit it is noticed that the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Consolidated Ind AS financial statements is not ascertained.	The Core business of MSETCL is construction and maintenance of substation and lines. The inventory procured is of specific nature and is not for sale in the market. Moreover, the uniqueness of the business process of MSETCL makes the derival of NRV difficult. However, MSETCL would initiate a drive to capture data which would help to derive the NRV during the valuation process.
	1.11 No inventory or data/ details/ description could be furnished for verification for the "Assets not in use – held for sale" (GL code 222010) amounting to Rs.3,615.43 Lakhs; moreover, such assets are held at their carrying value instead of "lower of carrying value or net realizable value". The impact, if any, thereof on Consolidated Ind AS financial statements has not been ascertained.	MSETCL has initiated steps to take a drive wherein the physical verification of assets is to be carried out to update the Fixed Asset Register. This activity would also cover the verification/ reconciliation of Asset Not in use component. Necessary accounting entry would be passed after completion of the assignment.
	1.12 The government Grants received by the Company amounting to Rs.23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which Rs.16,256.10 Lakhs are deferred for recognition as revenue as at March 31, 2020. The details of these grants with specific assets there against and conditions to be satisfied for the same are not made available for our verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance "cannot be commented upon.	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy. The Assets wise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
	1.13 The Company does not collect, maintain and present the details of dues to its vendors registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence, correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.	The fact has been disclosed in the Financial Statements at Note no 41

	1.14 The prior period items of Income and expenses have been disclosed by the Company in Note No.51(16) but the same have not been restated/ recasted in the respective previous years as mandatorily required under Ind AS 8," Accounting Policies, Changes in Accounting Estimates and Errors".	The fact has been disclosed in the Financial Statements at Note no 48
	1.15 Pursuant to Central Electricity Regulatory Commission ('CERC') order dated 19th December 2017 pertaining to FY 2014-15, the company has recognised an amount of Rs.599 Lakhs as income during the year as against receipt of Rs.10,789.41 lakhs, which until previous financial year was accrued fully as income. Impact of the said order for earlier period remains to be given in the accounts, as a result of which, Surplus in Statement of Profit and Loss would be lower, and Advance from Customer would be higher by amount which has not been ascertained.	As per CERC order in Petition No. 256/TT/2013 dated 18.05.2015 in which tariff for FY 2013-14 was Rs. 77.10 Crs (per year) which is revised by CERC order in Petition No. 173/TT/2016 dated 19.12.2017 for FY 2014-15 Rs. 5.99 Crs (per year). However even after revised order by CERC payment made by PGCIL was on the basis of earlier order till Sept 2019. After that there was noreceipt by PGCIL.
	1.16 The deposits from customers towards Outright Contracts ('ORC') amounted to Rs.1,13,432.38 Lakhs as at 31st March 2020. The company recognises its supervision charges upfront as income on receipt of deposits and not as and when supervision services are provided, which is contrary to the provisions of Ind AS 115 "Revenue from Contracts with Customers".	As per Para 35 of Ind AS 115 An entity transfers control of a goods or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

<table>
<tr><td></td><td></td><td>MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts.</td></tr>
<tr><td></td><td>1.17 The basis, quantum and completeness cannot be ascertained in the absence of required data/ details relating to the following income recognised during the year.

<table>
<tr><th>Sr No</th><th>Nature of Transaction</th><th>Amount Involved (Rs. In Lakhs)</th></tr>
<tr><td>1</td><td>Partial Open Access</td><td>7,615.94</td></tr>
<tr><td>2</td><td>Long-Term Open Access</td><td>1,522.92</td></tr>
<tr><td>3</td><td>Open access/ NOC Application processing fees</td><td>143.7</td></tr>
<tr><td>4</td><td>Additional Transmission Charges</td><td>4,635.44</td></tr>
<tr><td>5</td><td>Short-Term Open Access Charges</td><td>1,287.81</td></tr>
</table>
</td><td>1.The Distribution Licensees are paying the partial Open Access charges to MSETCL as per DOA Regulation 2016 Clause 14.5. This is main basis for recognising income. The same has been considered in the MERC Order in case no. 302 of 2019 at Clause 4.16.4 (Page no. 96-Copy Enclosed). As per this clause, the revenue from Partial Open Access is a Non-tariff Income. Being non-tariff income, It was not bifurcated among other transmission licensees.

2. Tariff approved by MERC to CR vide MERC tariff order no. 91 of 2016 dated 22.07.2016. Subsequently additional LTOA was issued to CR for allocation of 120WM power from BRBCL vide STU letter No. 8089 dated 19.07.2017 for this monthly bill to CR was issued. MERC tariff order No. 265 of 2018 issued on dated 18.09.2018. In this order MERC approved tariff of CR considering additional LTOA issued to CR being part of CR. In view of the above combined billing to CR was started and stopped separate billing for additional 120 MW to CR.

3. As per MAHARASHTRA ELECTRICITY REGULATORYCOMMISSION (TRANSMISSION OPEN ACCESS) REGULATIONS, 2016 clause No. 5.2. The application for Connectivity shall be accompanied by a Demand</td></tr>
</table>

			Draft or proof of payment by electronic mode of a non-refundable fee of the following amount, for all except Renewable Energy based Generators is Rupees Two Lakh and for Renewable Energy based Generators is Rupees One Lakh. Which was duly paid by the consumers and accounted in during the year on account of Open access/NOC Application processing fee. 4.1. These charges are applicable only in case of conditions defined in MYT Regulation 2016 Clause No. (65). In other cases, they are not applicable. Considering lacuna in billing process on account of difficulties previously observed on implementing these clauses the billing was not done before November for add Tr. and Regulatory Charges. STU after taking approval of management stared billing on November and filed petition with MERC for removal of difficulties in MYT Regulation 2016 Clauses. 2. Add Tr. And Regulatory charges are charged as per conditions defined in MYT Regulation 2016 Clause No. (65). 3. The base TCR is allocated in transmission tariff order by Hon'ble MERC to all the TSUs. Hence these clauses become applicable to TSUs considered in the relevant transmission tariff order and billing is done accordingly.

		4. The applicability of charges to a particular TSU is verified as per Clause 65 of MYT Regulation 2016 based on data/information from SLDC. Charges were included in monthly billing of transmission charges. 5. This amount being collected in STU pool Account is disbursed as per tariff order. 6. All Add. Tr. And regulatory charge were distributed to all Transmission Licensees as per there respective ratio mention in tariff order. And amount is not withhold by MSETCL. 7. STOA Consumers deposits the charges in the bank account of SLDC and the same is repatriated to HO. The reconciliation takes place at a later date after receipt of details from STOA.
	1.18 During the year Company has revised its Pay scale to employees w.e.f. April 01, 2018, and same was approved by the Board of Directors of the Company post facto and it was decided to pay in 3 instalments out of which first instalment was paid and remaining two instalments were pending to be paid as at March 31, 2020. Hence provision for the same was made amounting to Rs.12,899.69 Lakhs for which details were not made available for verification. In the absence of required data/ details thereof, the basis, quantum and completeness of such provision made during the year could not be verified nor commented upon.	The details of arears to be provisioned was computed sent by HR Core Team. Based on this data, the provisionof Rs. 12,899,69 Lakhs was made in the in the books of accounts.

	1.19 Attention is invited to accounting Policy note no. 2(10)(II)(c) of Consolidated Ind AS Financial Statement on "Accounting of Contributions received from Consumersagainst Outright Right Works (ORC Schemes)". As informed during the course of audit, there is specific policy on ORC assets/ Liabilities and income thereon, but the same was not observed to have been followed by the Company, impact of which could not be ascertained in absence of relevant data/ details.	MSETCL has specific policy on the treatment of amounts received against ORC schemes referred vide Note No 2.19 (C). However, several clarificatory issues are faced in Field Units, which needs that the policy be reframed with proper guidelines. The necessary upgradation of the policy would be done with the approval of the Competent Authority by Trans O&M Section.
	1.20 Attention is invited to note no. 42(C) of Consolidated Ind AS Financial Statement giving details about "Contingent Liabilities and Contingent assets", full details as required under the statute are not accurately maintained. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on details available with the Company.	Necessary template has been developed in SAP/ERP System, wherein all the details would be made available for verification.
	1.21 The amounts remaining and recognized in the following GL heads/ codes are subject to confirmation and reconciliation. The necessary data/ details pertaining to following were not made available during the course of audit for verification:	

GL Code	Name of Account heads	2019-2020 Rs. In Lakhs Asset/Exp, (-Liability/-income)	
100050	Grants towards cost of Capital Assets	-16,256.10	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy. The Assets wise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
123030	Security Deposits	-6,024.71	to be reconciled with field units based on its current status
123040	Security deposits of jobs/works	-11,253.61	to be reconciled with field units based on its current status

123050	Earnest Money	-820.66	to be reconciled with field units based on its current status
123060	Retention money of Vendor	-71,869.36	to be reconciled with field units based on its current status
123060	Risk & Cost Adjust	-3287.72	to be reconciled with field units based on its current status
123070	Misc. Deposits – Vend	-16.62	to be reconciled with field units based on its current status
123090	Advances from Customer	-7,107.41	to be reconciled with field units based on its current status
123100	Other Deposits from Consumers- O. R. C. Deposits	-1,13,432.38	to be reconciled with field units based on its current status
123110	Retentation GL for liquidity charges from vendor	-13,682.93	to be reconciled with field units based on its current status
130010	GR / IR CLEARING Account	-6,950.50	to be reconciled with field units based on its current status
130020	EMD Dummy entry	-417.60	to be reconciled with field units based on its current status
131010	Sundry Creditors Payable Domestic (other than SME)	-26,402.75	OSL Provisions for Trade Payables
132010	Sundry Creditors FI Vendor	-12.10	to be reconciled with field units based on its current status
133010	Sundry Creditors - Inter Company	-3,528.44	Balance pertains to only MSPGCL and MSEB HCL. Major balance of MSEDCL has been cleared from Trade Receivables.
134010	Sundry Creditors Employees	-57.40	to be reconciled with field units based on its current status
140030	Liability for Medical expenses	-0.33	to be reconciled with field units based on its current status
140060	Misc. deposits from Employee	-40.91	to be reconciled with field units based on its current status
140110	Regular CPF Recovery from Employee	-0.04	to be reconciled with field units based on its current status
140250	Medi-claim Top up Premium	-30.26	to be reconciled with field units based on its current status
140251	Medi-Claim Compulsory Premium through Salary	442.05	to be reconciled with field units based on its current status
140252	Employee ACCIDENT Insurance	1.02	to be reconciled with field units based on its current status
141040	MSEB CPF-Shortfall in fair value of Planned Assets	-3,593.92	to be reconciled with field units based on its current status
144010	STATE SALES TAX PAYABLE	0.06	to be reconciled with field units based on its current status

146010	Deduction of Labour Cess Amt	-236.15	to be reconciled with field units based on its current status
150010	Provision for Capital Works	-12,310.78	to be reconciled with field units based on its current status
150020	Provision for O&M works	-23.81	to be reconciled with field units based on its current status
150030	Provision for Expenses - Others	-3,375.12	to be reconciled with field units based on its current status
150040	Provision for Expenses – Employees	-3,980.12	to be reconciled with field units based on its current status
150050	Provision for Pay Revision	-12,899.69	to be reconciled with field units based on its current status
150060	Provision for Interest - Contractors Deposits	-0.09	to be reconciled with field units based on its current status
150070	Provision for loss pending investigation	-711.02	to be reconciled with field units based on its current status
150110	Provision for Corporate Social Responsibility	-7,483.15	to be reconciled with field units based on its current status
150130	Provision for Int on Late Payment of Service	-264.43	to be reconciled with field units based on its current status
150140	Provision for Tree/Crop/Land Comp	-677.79	to be reconciled with field units based on its current status
160010	Liability towards staff welfare Fund with Boar	-528.34	to be reconciled with field units based on its current status
160020	Board of Trustees P.F. & Final Settlement	-1,780.76	to be reconciled with field units based on its current status
165010	Stale Cheques	-302.72	to be reconciled with field units based on its current status
219701	ACC Dep not in use	-10,437.48	to be reconciled with field units based on its current status
222010	Assets Not in Use	14,053.31	to be reconciled with field units based on its current status
223010	Loss to Fixed Assets pending Investigation	-0.40	to be reconciled with field units based on its current status
223030	Expen. on Survey/FStudy for Not sanctioned pr	433.07	to be reconciled with field units based on its current status
223040	Pre-Op Exps for land acq. on Unsanctioned Sch	153.88	to be reconciled with field units based on its current status
230040	AUC Cost of Land Devp. On Lease hold Land -Volt.F100KV	36.71	to be reconciled with field units based on its current status
230050	AUC Cost of Land Dev.On Lease hold Land -Volt.G132KV	479.36	to be reconciled with field units based on its current status
230060	AUC Cost of Land Dev. On Lease hold Land -Volt.H220KV	591.36	to be reconciled with field units based on its current status
232010	AUC OTHER BLDGS-OFFICE, QRTS, TRAINING CENTRE	999.08	to be reconciled with field units based on its current status

237010	AUC Others	18,093.88	to be reconciled with field units based on its current status
237020	AUC LE	3,511.20	to be reconciled with field units based on its current status
237030	AUC ORC	5,573.90	to be reconciled with field units based on its current status
237040	AUC SOFTWARE DEVELOPMENT	34.35	to be reconciled with field units based on its current status
237060	CWIP (Govt. Grant Impact)	2,318.87	to be reconciled with field units based on its current status
237061	CWIP (Inventory Impact)	998.75	to be reconciled with field units based on its current status
255010	Material pending investigation	1.11	to be reconciled with field units based on its current status
255020	Loss due to Material pending investigation	200.11	to be reconciled with field units based on its current status
255040	MASA Stock (Physical Verification of Inventor	-114.44	to be reconciled with field units based on its current status
256010	Obsolete materials stock (including scrap)	509.80	to be reconciled with field units based on its current status
260010	STU Sundry debtors for Trans. Charges	3.51	Balance pertains to only MSPGCL and MSEB HCL. Major balance of MSEDCL has been cleared from Trade Receivables.
260011	Sund. Drs -Trans Chgs	1,71,614.68	to be reconciled with field units based on its current status
260030	STU Sundry Debtors for STOA / SLDC Charges	-1.08	to be reconciled with field units based on its current status
260031	STU Sundry Debtors for STOA / SLDC Charges	1,031.71	to be reconciled with field units based on its current status
260040	Sundry Debtors – Others	83,897.16	to be reconciled with field units based on its current status
260060	Sundry Debtors - Inter Unit Account	2,100.52	to be reconciled with field units based on its current status
290010	Advances to Contractors /Suppliers - O&M	1,059.25	to be reconciled with field units based on its current status
290020	Capital Advance for Projects	541.29	to be reconciled with field units based on its current status
292050	Loans & Advances to Staff -- Computer Advance	138.10	to be reconciled with field units based on its current status
292120	Advance against Gratuity to Staff	4.82	to be reconciled with field units based on its current status
293050	Miscellaneous Loans & Advances	207.27	to be reconciled with field units based on its current status
294030	Income Accrued but not Due on Staff Loans &	36.75	to be reconciled with field units based on its current status

295010	Amount Recoverable from Employee	4.02	to be reconciled with field units based on its current status
295020	Amount Recoverable from EX-Employee	0.75	to be reconciled with field units based on its current status
295030	TR Fee Pd To ITI To Be Recov from Dep of Dece	-2.56	to be reconciled with field units based on its current status
296030	Misc. Amtrece from SEB Govt. Depts. Local & Pvt Bodi	2,379.40	to be reconciled with field units based on its current status
296050	Exp. recov from Suppliers	91.75	to be reconciled with field units based on its current status
296060	Exp. Recov. from Contractors	170.31	to be reconciled with field units based on its current status
296061	Current Amortised Transaction Cost	11,613.59	to be reconciled with field units based on its current status
297020	Other Deposits	3,626.59	to be reconciled with field units based on its current status
297050	FDR as Security Depo	5.87	to be reconciled with field units based on its current status
310010	Interest from Staff loans and advances	-10.29	to be reconciled with field units based on its current status
380040	Other Miscellaneous Receipts (GST taxable)	-3,848.82	to be reconciled with field units based on its current status
380041	Other Miscellaneous Receipts (Non-GST)	-1,805.32	to be reconciled with field units based on its current status
380120	Government Grant Income	-966.31	Amortisation done as per Ind AS 16
400050	Material Consumption – Project	-7,015.57	to be reconciled with field units based on its current status
424010	MSETCL's Contribution to Employees Provident	7,370.31	to be reconciled with field units based on its current status
430100	IT & Communication related Exp	714.78	to be reconciled with field units based on its current status
453010	Intangible assets Written-off	120.89	to be reconciled with field units based on its current status
470030	Interest on Public Bond	-0.03	to be reconciled with field units based on its current status
500022	CPF Section Account	-0.07	to be reconciled with field units based on its current status

	The effect of the adjustments arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/loss that may arise on account of non-recovery or partial recovery or write-back thereof is not ascertained. Further, in absence of necessary data/details, the bifurcation of items of assets/liabilities under ‘Current’ or ‘Non-current’ head could not be accurately verified.	

	We conducted our audit of Consolidated Financial Statements in accordance with the Standards on Auditing (SA's)specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidate Ind AS financial statements.	
	In Case of Subsidiary Company (MSEDCL) **Material Uncertainty related to Going Concern** As stated in Note 52(1), the accumulated losses of the Group as at 31stMarch, 2020 are Rs. 26,17,651.14 Lakhs (PY Rs. 26,38,424.33Lakhs) which exceeds 50% of the net worth of the Group. The current liabilities as at 31st March 2020 are in excess of its current assets. Considering the fact that Government of Maharashtra is expected to infuse additional equity funds, as and when required, the Consolidated Financial Statements have been drawn up on going concern basis. We have relied on the management assessment and our audit report is not modified in this regard. The subsidiary has negative net worth, negative operating cash flows and has suffered losses in current year and earlier years. These events indicate the existence of a material uncertainty that may cast significant doubt on the subsidiary's ability to continue as a going concern, and therefore it may be unable to discharge its liabilities in full in the ordinary course of business/activities.	No Comments
3.	**Emphasis of Matter** **In Case of Holding Company (MSEBHCL)** **We draw attention to the following matters in the Notes to the financial statements:** 3.1) As stated in Note 47(a) of Consolidated Financial Statements, the Elimination of Related party transactions of profit and Loss items is done to the extent possible by using	Factual

	the data made available from other internal sources, since 'Ind-AS 24, para 25' gives exemption to Government Company/State controlled enterprise to disclose transactions with its related party in its standalone financial statements. Therefore, the exact impact of the same on the Consolidated Financial statements due to non-elimination of Income / Expenditure items among the group companies cannot be ascertained.	
	3.2) As stated in Note 47(b) of Consolidated Financial Statements regarding Elimination of Intra Group Balances, The balances of Trade Receivables, Trade Payables, Loans, Borrowings etc. after elimination of Intra-group balances w.r.t to transactions between the subsidiaries, are Overstated/Understated in Consolidated financial statements, since intra group balance elimination is done by the management for the amount of Income/ Expenses recorded by the Subsidiary Companies, irrespective of the closing balance to Trade receivables/ Trade payables as at 31.03.2020 among the Intra Group Companies. In the absence of requisite data to do the Elimination for correct amounts, we are not in position to ascertain the impact on the Assets and Liabilities of the Group.	Factual
	3.3) Refer Note No. 8.1 where the company has shown advance tax of Rs. 1,602,393,605/- net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and Amount paid under protest Rs. 191,700,081/-. There is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company's judgment only and the amount shown as recoverable is subject to reconciliations and confirmations.	Income tax department has been disallowed several expenses from the FY 2005-06. The Income tax cases for all the years since FY 2005-06 are in appeals. In order to avoid the huge penalties management has decided to pay advance tax on Income from Rental and Interest Income although there is no liability as per the financial statement.
	3.4) Refer Note No. 49.7 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 3,716,865,567/- (P.Y.Rs. 3,297,664,876/-) have been long outstanding. Provision for Expected Credit Loss as per IND AS 109 has been duly made in the books.	Factual
	3.5) It has been observed that the Gratuity and leave encashment provision in books contains the provision of employees of civil unit and the same is taken in books is from the date of their joining instead from the day they are deputed in MSEBHCL i.e., from F.Y. 2013-14.	Factual

	3.6) Refer Note No.43(I), where the company has reported that due to the reasonable uncertainty on the lease period on account of ongoing disputes on the assets taken on lease, the Company has not recognised the "Right of Use Assets" (ROU) and a corresponding lease liability for all the lease arrangements in which it is a lessee.	Factual
	3.7) We draw attention to Note No. 49.8 to the accompanying Consolidated Ind AS Financial Statements which explains uncertainties and the Management's evaluation of the financial impact on the company due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period. Our report is not qualified in respect of above matters.	Factual
	In Case of Subsidiary Company (MSEDCL) **Attention is invited to the following matters:** 1. As stated in Note 13 to the Consolidated Financial Statements, the Holding Company has made provision of Rs. 1,069.43 Lakhs (PY Rs. 2,551.43 Lakhs) for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable on balances outstanding as on transition date i.e., 01.04.2015 on account of impracticability instead of its origination date.	The company has made provision for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable from the date of applicability of Ind AS i.e., 01.04.2015 on account of impracticability.
	2. As stated in Note 52(27) the Holding Company has computed ECL in the current year based on a combined rate taking into consideration credit loss and time loss as compared to separate rates for each of them in the previous year. Due to this change, profit for the year is higher by Rs. 1,94,342 Lakhs.	Based on past experience and practical expedient, segmentation of customers and their ageing profile, company has revised ECL Matrix for determining for credit loss on trade receivable and interest on trade receivable.
	3. Attention is drawn to Note 42(D) with regards to the Contingent Liabilities, which are significant in relation to the net worth of the Holding Company at the year end.	As per Management opinion, It's a contingent liability. These are not expected to result into any material financial liability to the Company.
	4. Attention is drawn to Note 52(D)(1)(I)(v) the Holding Company has been supplying electricity in the areas previously being serviced by MulaPravara Electric Co-operative Society (MPECS) and has been using its infrastructure for the said purpose. The matter relating to payment of user charges is under dispute. Pending resolution of the dispute and in the absence of necessary contract, assessment as to applicability of Ind AS 116 has not been made.	As per the MERC Order, the Company is paying monthly user charges for using MPECS infrastructure. The matter relating to payment of user charges is under dispute. In view of the above, the Company has not made IND AS 116 applicable to it.

	5. Attention is invited to Note 52(33) on Group's assessment of its operations during lockdown imposed by the Government due to COVID-19. As a result of lockdown prevailing at the year-end on account of COVID-19, physical verification of inventories could not be carried out at majority of locations at the year end. We are informed that physical verification at these locations was carried out by management subsequent to year end except for certain locations where no physical verification was carried out. In the opinion of the management, the variation in the book inventory and physical inventory (as verified at year end or subsequently) pertains to the year under audit and accordingly necessary adjustments have been made during the year. Our opinion is not modified in respect of these matters referred to in (1) to (5) above.	The Company every year carries out physical verification of inventory at the end of financial year and effect of any excess or shortage observed in the verification is appropriately taken in the accounts. However, in the current year due to imposition of lockdown & restriction on mobility, the physical verification of only 354 locations could be done before March 2020 and of 375 locations could be done in June & July 2020. The physical verification of inventory of 82 locations could not be done. Considering less movement during lockdown period, the entire effect of excess/ shortage has been considered in FY 2019-20.
	In Case of Subsidiary Company (MSPGCL): **We draw attention to following notes:** Holding Company: Maharashtra State Power Generation Company Limited. Note no. 43(II)(A)(a) regarding lease agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed. Note No.50(15) regarding a Supreme Court ruling on the coverage of certain allowances paid to employees to be considered as a part of earnings eligible for making contribution towards provident fund. As the Company management's view is not crystallized in this regard, impact thereof is not ascertained.	Factual
	Subsidiary Company: Mahaguj Collieries Limited i) Note No.1.1 of Significant Accounting Policies in Notes to Accounts of Mahaguj Collieries Limited, which indicates that the Company has accumulated losses and its net worth excluding borrowings from its parent companies has been fully eroded, the Company has incurred net loss of Rs.2,32,34,355 during the current year and in previous years and the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.	Factual

	However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in Note 1.1 of Significant Accounting Policies forming part of financial statements.	
	ii) Note No. 17.2 forming part of financial statements of Mahaguj Collieries Limited regarding non provision for the expenses amounting to Rs. 54,40,70,111/- incurred in previous financial years for various operative expenses for development of Machhakata-Mahanadi Coal Block, which had been cancelled by Hon'ble Supreme Court in 2014 and the reimbursement of which has not yet been considered by Ministry of Coal, Government of India as the same has not been allotted to any new allottee as on date. The management is of the opinion that the adjustment / provision will be made in books of accounts only after the finalisation of valuation process and on allotment of the above coal block to the new allottee is approved by Ministry of Coal, Government of India.	Factual
	iii) Note No. 17.4 to the financial statements of Mahaguj Collieries Limited which, describes the uncertainty related to the outcome of the lawsuit filed against the Company by M/s Adani Enterprises Limited and the outcome of the on-going arbitration process.	Factual
	Subsidiary Company: Dhopave Coastal Power Limited: The accounts of this subsidiary company are not prepared on Going Concern Basis as the management has decided to close down the Company and Government permission in this regard is awaited. Our opinion is not qualified in respect of above matters.	Factual
	In Case of Subsidiary Company (MSPTCL): Statutory Auditor of an Associate Company namely, Maharashtra Transmission Communication Infrastructure Limited (MTCIL) have reported Emphasis of Matter in their statutory audit report as under: We draw attention to note 51(17) of the accompanying Ind AS financial statements which more fully describes the management's evaluation of impact of uncertainties related to Covid-19 and its consequential effects on the carrying value of its assets as at March 31,2020 and the operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.	Factual

4.	**Key Audit Matters** **In Case of Subsidiary Company (MSPGCL):** Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In case of Holding Company, we have determined the following matters as Key Audit Matter/s for the year.	Factual
	(i) Contingent Liability/ Contingent Assets There are a number of litigations pending before various forums against the Company and the management's judgment is required for estimating the amount to be disclosed as contingent liability. Coal companies have made various claims on the Company and management has made counter claims on these coal companies based on its perception. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgment in interpreting the cases and it may be subject to management bias. These said claims and counter claims require management estimates and interpretation of various matters, issues involved and are subjective in nature. (Refer Note No. 42(B) to the Consolidated Financial Statements, read with the Accounting Policy No. 18(II). We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and contingent assets and adopted the following audit procedures: - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases; - discussed with the management any material developments and latest status of legal matters; - read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions, if any, obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities and contingent assets; - examined management's judgments and assessments whether provisions are required;	Factual

	- reviewed the adequacy and completeness of disclosures; Based on the above procedures performed, the estimation and disclosures of contingent liabilities and contingent assets are considered to be adequate and reasonable. **"Information Other than the Consolidated Financial Statements and Auditor's Report Thereon"** The company's Board of Directors is responsible for the other information. The other information for the Company comprises the information included in the Directors' Report and Annexures thereto but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We are informed that the Directors' Report and related annexures will get finalized and adopted in the subsequent Board meeting and therefore the same could not be commented upon by us as on today.	
5.	**Information Other than the Consolidated Financial Statements and Auditor's Report thereon:** • The Group's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the Consolidated Financial Statements and our auditor's report thereon. • Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. • In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. • If based on the work we have performed, we conclude that there is a material misstatement of this Other	Factual

	Information therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information' The Other Information is expected to be made available to us after the date of this Auditor's report. Hence, we are not commenting in this regard.	
6.	**Management's Responsibility for the Consolidated Financial Statements:** • The Group's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 the Act, read with rule 7 of the Companies (Accounts) Rule,2015 as amended . The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.	Factual

7.	**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. • Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system over financial reporting with reference to consolidated financial statements in place and the operating effectiveness of such controls. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material	Factual

	uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of the Consolidated Financial statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation. • Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.	

8.	**Other Matters** **In case of Holding Company (MSEBHCL)** We did not audit the Consolidated financial statements/ Standalone financial Statements / Group information of the three subsidiaries i.e., MSPGCL, MSEDCL and MSETCL and its other Group Companies, of whose financial statement reflect total Assets of Rs. 2,28,477.98 Crores and Revenue of Rs. 1,11,055.73 Crores (before eliminations) as considered in the Consolidated financial statements. This financial statements/ financial information have been audited by other auditors, whose reports have been furnished to us by the management, and our opinion, on the Consolidated Ind financial statements, in so far as it relates to amounts and disclosures included in respect of such subsidiaries and our report in terms of section 143(3) & (11) of the act, in so far as it relates to subsidiaries, is based solely on the report of such other auditors. Our opinion is not qualified in respect of above matters.	Factual
	In case of Subsidiary Company (MSEDCL) We did not audit the Standalone Financial Statements and other financial information in respect of the subsidiary, whose financial statement includes total assets of Rs 11.42 Lakhs as at 31st March 2020, total revenue of Rs. 0.72 Lakhs and net cash inflow of Rs 0.18 Lakhs for the year then ended on that date. These financial statements and other financial information have been audited by other auditor, whose report has been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosure included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.	Factual
	In case of Subsidiary Company (MSPGCL) **In case of Holding Company** (a) We did not audit the financial statements / financial information of 3 subsidiaries whose financial statements / financial information reflect total assets of Rs.62.85 Crores as at 31st March, 2020, total revenues of Rs. 0.01 Crores and net cash out-flows amounting to Rs.0.22 Crores for the year ended on that date, as considered in the consolidated financial statements.	Factual
	(b) The consolidated financial statements also include the Group's share of net profit of Rs.0.04 Crores for the year ended 31st March, 2020 based on the unaudited financial statements/ unaudited financial information received by management of the Company.	Factual

	(c) We state that the financial statements / financial information of three subsidiaries have not been audited by us. This financial statements / financial information of subsidiaries have been audited by other auditors whose reports have been furnished to us by the Management. In respect of two associates the financial statements/ financial information is based on the unaudited provisional financial statements / financial information as received the management of the Company.	Factual
	(d) Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.	Factual
	(e) In case of the Holding Company, we could not visit physically any of the plants or locations of the Company for carrying out audit process for the year under report due to complete lock down imposed by the Government in order to restrict the spread of Covid 19. The statutory audit work process, for the year under report, was carried out as a 'Work From Home" exercise i.e. from locations other than plants and offices of the Company based on financial data/information/records/supporting made available by management through digital medium by providing SAP access through Dash Board via VPN link.	Factual
	(f) Internal audit reports of the Company, which is being conducted through the external firms of Chartered Accountants, were made available to us only in respect of first two quarter of the current financial year. For third and fourth quarter such reports could not be made available to us due to lock down related to Covid 19.	Factual
	In case of Subsidiary i.e.,Mahagenco Ash Management Services Limited, The opinion expressed in the present report is based mainly on the information, facts and input data made available to us through electronic means by the management. We wish to highlight that due to Covid 19 induced restrictions on physical movements and strict timelines and the facts that place of business falls under Red zone for lock down implementation and there were constraints on actually visiting the place of business for verification. Hence as regards audit, we were unable to visit the office, had to rely on information provided to us digitally for conduct of audit procedures. Besides the commencement of operations/implementation of the project could be further delayed on account of the imposed lock down by the GOI and the pandemic caused globally.	Factual

	Our audit opinion is not qualified in respect of the above matters. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.	
	In case of Subsidiary Company (MSETCL) We did not audit the financial statements of Jaigad Power Transco Limited (JPTL) and Maharashtra Transmission Communication Infrastructure Limited (MTCIL), Associates located in India whose financial statements reflect total net profit after tax of Rs. 501.82 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, relating to the amounts and disclosures included in respect of these entities and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid entities, is based solely on the reports of such other auditors Attention is invited to Note 2.2"Basis of preparation and presentation" of Consolidated Ind AS Financial Statements where Company did not Consolidated its Wholly Owned Subsidiary Company named Kharghar Vikhroli Transmission Pvt Ltd (KVTPL) and our opinion is not modified in respect of this matter. Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Office of the Company, to the extent data / details available / feasible based on financial information/ records remitted by the management through digital medium.	Factual
9.	**Report on other legal and regulatory requirements** 1. As required under Section 143(5) of the Companies Act, 2013, report on direction/ sub directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the act has been given along with the Standalone Financial Statements of the company and of its subsidiary company. Hence these reports have not been reproduced along with the respect.	Factual

	2. As required by Section 143(3) of the Act, based on our audit, we report that: a. We have sought and obtained all the information and explanations, except for the possible effect of the matter described in basis for qualified opinion, and in case of subsidiary Company MSETCL, the third-party balance confirmation, in case of holding Company, the consequential effect of which, if any, on Consolidated Financial Statements is unascertained, which to the best of our knowledge and belief were necessary for the purposes of our audit.	Factual
	b. In our opinion, except for the effect of the matters described in the para 'Basis for Qualified Opinion' above, proper books of account as required by law have been kept by the group so far as it appears from our examination of those books.	Factual
	c. The Consolidated Ind AS Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.	Factual
	d. Subject to our observations in basis of qualified opinion, in our opinion, the aforesaid Consolidated Ind-AS financial statements comply with the Ind AS specified under Section 133 of the Act.	Factual
	e. The matters described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Group.	Factual
	f. The provisions of Section 164(2) of the Companies Act, 2013, are not applicable to the Group, pursuant to the Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Government of India;	Factual
	g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.	Factual
	h. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".	Factual

	i. In terms of provisions of Section 197(16) of the Act, we report as under: The group being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it, vide MCA Notification No. GSR 463(E) dated 5th June 2015.	Factual
	j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us: a. The Consolidated Ind AS financial statements has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements refer Note 42 to its Consolidated Ind AS Financial statements. b. Due to effects of the matters (whether quantified or otherwise) described in the basis of Qualified Opinion paragraph, we are unable to state whether the Group Company has made adequate provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. According to the information and explanations given to us & based on the consideration of the report of the other auditors, the group company has not entered into any derivative contracts. c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and Subsidiary Company except for MSETCL where, obligation for interest accrued but not due on "Private Bonds (GL- 121020) amounting to Rs.1,488.25 Lakhs, the Company has reversed the said liability as it belong to the period prior to trifurcation of Maharashtra State Electricity Board (MSEB), as such the said amount is considered as not payable or to be transferred to Investor Education and Protection Fund (IEPF).	Factual Factual Factual Factual
	"Annexure A" to the Independent Auditor's Report	
	Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") (Referred to in paragraph9(2)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)	Factual

	Opinion In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of MSEB Holding Company Limited (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date. The auditors of Subsidiary companies have audited the internal financial controls over financial reporting as of March 31, 2020.	 Factual
	In Case of Holding Company (MSEBHCL) In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.	 Factual
	In Case of Subsidiary Company (MSEDCL) **Holding Company (Disclaimer of Opinion)** According to the information and explanation given to us and based on our audit, as informed to us, during the year, the Holding Company has established a framework for internal financial controls with reference to its Financial Statements based on the essential components of internal control stated in the Guidance note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India ('Guidance Note'). In this regard, the Holding Company has identified various risks and controls, on and before 31st March 2020, has also tested them partially for operating effectiveness of such controls. We are informed that the balance risks and controls have been tested post 31st March 2020 for their operative effectiveness. We, however, could only test these risks and controls post 31st March 2020 for both its design and operating effectiveness. In the absence of testing of the design of all documented risks and controls and their operating effectiveness as on 31st March 2020, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial control over financial reporting and whether such internal financial controls with reference to financial statements were operating effectively as on 31st March 2020. Accordingly, we do not	 Factual

	express any opinion on the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness thereof as on 31st March 2020.	
	Subsidiary Company of MSEDCL (opinion) In the opinion of the Subsidiary Company auditor, the Subsidiary has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal financial control stated in the Guidance Note on audit of Internal Financial controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.	Factual
	In Case of Subsidiary Company (MSPGCL) **Qualified Opinion:** Being a Government undertaking, the Company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein. During the course of our audit of financial statements, we have on test checking basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis for Qualified Opinion" above. Except for the effects/possible effects of the material weakness stated at paragraph (1) on "Basis for Qualified Opinion" above on the achievement of the objectives of the control criteria, in our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2020. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 consolidated financial statements of the Company. The material weakness stated at paragraph (1) on ‘Basis for qualified opinion’ above with respect to timely adjustments of advances to suppliers and provision for liabilities made there against has affected our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion in our main audit report.	Factual

	The other material weaknesses stated in the paragraph (2 and 3) of the "Basis for qualified opinion" above, do not affect our opinion on the consolidated financial statements of the Company.	
	In Case of Subsidiary Company (MSETCL) In our opinion, the Company's internal financial controls system over financial reporting and design thereof needs to be improved to eliminate control lapses and make it comprehensive. Based on selective verification of process controls matrixes made available to us which require to be updated for some identified processes and risks, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business. Based on considerations of reporting of the other auditors of Associates as mentioned in the other matter paragraph, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Associates considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.	Factual
	Basis for Qualified Opinion **In Case of Subsidiary Company (MSPGCL)** According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified, in case of holding company, as at March 31, 2020 wherein the internal controls were not operating effectively. The Company's internal financial control over timely adjustments of advances to suppliers and provision for liabilities made there against; The Company's internal financial control/policy over timely finalization and levying of liquidated damages; The Company's internal financial control over maintenance of subsidiary records pertaining to employees and correlating of HR module data of SAP generated payroll which is integrated with Finance Module data of SAP but could not be viewed and reconciled.	Factual

	In case of a subsidiary company i.e.,Mahaguj Collieries Limited, not audited by us, the other auditors have reported as under: **"Disclaimer of Opinion** According to information and explanation given to us, the Company has not established internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020. We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company and the disclaimer, subject to the "Emphasis of Matters" paragraph in our main audit report, does not affect our opinion on the financial statements of the Company." A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.	Factual
	Management's Responsibility for Internal Financial Controls The respective Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls over financial reporting with reference to Consolidated Financial Statements, based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act')	Factual

	Auditor's Responsibility Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls over financial reporting with reference to Consolidated Financial Statements., assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by auditor of Subsidiary Company in terms of his report referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.	Factual
	Meaning of Internal Financial Controls over Financial Reporting A company's internal financial control over financial reporting with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to Consolidated Financial Statements includes those policies and procedures that	Factual

	(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.	
	Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to Consolidated Financial Statements Because of the inherent limitations of internal financial controls over financial reporting with reference to consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our opinion is not qualified in respect of the above matter.	Factual
	Other Matters **In Case of Holding Company (MSEBHCL)** Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financial controls with reference to Consolidated Financial Statements insofar as it relates to its Subsidiary Company's which is incorporated in India is based solely on the corresponding report of the auditor of Subsidiary.	Factual
	In Case of Subsidiary Company (MSEDCL) Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financial controls with reference to Consolidated Financial Statements insofar as it relates to its Subsidiary, which is incorporated in India is based solely on the corresponding report of the auditor of Subsidiary.	Factual

	In Case of Subsidiary Company (MSPGCL) We could not visit physically any of the plants or locations of the Holding Company for carrying out audit process on Internal Finance Control of the Company, for the year under report, due to complete lock down imposed by the Government in order to restrict the spread of Covid 19. The IFC related audit work process, for the year under report, was carried out as a 'Work from Home" exercise i.e. from locations other than plants and offices of the Company based on financial data/information/records/supporting made available by management through digital medium by providing SAP access through Dash Board via VPN link. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. We state that such reports have not been received from two associates of the Company. Our opinion is not qualified in respect of the above matter.	Factual
	In Case of Subsidiary Company (MSETCL) Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two Associate companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.	Factual

For and On behalf of the Board of Directors

Sunil Pimpalkhute	**Dinesh Waghmare**
Director (Finance)	Managing Director
DIN: 01915725	DIN: 01843097

Place: Mumbai
Date: 02/09/2021

Annexure II

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF MSEB HOLDING COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of standalone financial statements of **MSEB Holding Company Limited,** Mumbai for the year ended 31 March, 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **16 December 2020.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the standalone financial statements of **MSEB Holding Company Limited,** Mumbai for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's Report.

For and on behalf of
The Comptroller and Auditor General of India

(Hema Munivenkatappa)
ACCOUNTANT GENERAL
(AUDIT)-II

Place : Mumbai
Date : 09/02/2021

Annexure IIA

MSEB HOLDING COMAPANY LIMITED

MANAGEMENT'S REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Sr. No	AUDITORS'S COMMENTS	MANAGEMENT'S REPLY
1.	The preparation of standalone financial statements of **MSEB Holding Company Limited,** Mumbai for the year ended 31 March, 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **16 December 2020.**	Factual
2.	I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the standalone financial statements of **MSEB Holding Company Limited,** Mumbai for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.	Factual
	On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's Report.	Factual

For and On behalf of the Board of Directors

Sunil Pimpalkhute	**Dinesh Waghmare**
Director (Finance)	Managing Director
DIN: 01915725	DIN: 01843097

Place: Mumbai
Date: 02/09/2021

Annexure III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MSEB HOLDING COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of Consolidated Financial Statements of **MSEB Holding Company Limited, Mumbai** For the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **06 May, 2021.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **MSEB Holding Company Limited, Mumbai** for the year ended 31 March 2020 under section 143 (6)(a) read with the section 129(4) of the Act. We conducted the supplementary audit of the financial statements of **MSEB Holding Company Limited** and **Maharashtra State Electricity Transmission Company Limited, Maharashtra State Power Generation Company Limited and Maharashtra State Electricity Distribution Company Limited** (subsidiaries of the Company) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

For and on behalf of
The Comptroller and Auditor General of India

(L. Hangsing)
Pr. ACCOUNTANT GENERAL
(AUDIT)-II

Place : Nagpur
Date : 28/07/2021

Annexure IIIA

MSEB HOLDING COMAPANY LIMITED

MANAGEMENT'S REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. No	AUDITORS'S COMMENTS	MANAGEMENT'S REPLY
1.	The preparation of Consolidated Financial Statements of **MSEB Holding Company Limited,** Mumbai For the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **06 May, 2021.**	Factual
2.	I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **MSEB Holding Company Limited,** Mumbai for the year ended 31 March 2020 under section 143 (6)(a) read with the section 129(4) of the Act. We conducted the supplementary audit of the financial statements of **MSEB Holding Company Limited** and **Maharashtra State Electricity Transmission Company Limited, Maharashtra State Power Generation Company Limited and Maharashtra State Electricity Distribution Company Limited** (subsidiaries of the Company) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.	Factual
	On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.	Factual

For and On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Waghmare
Managing Director
DIN: 01843097

Place: Mumbai
Date: 02/09/2021

Annexure IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MSEB HOLDING COMPANY LIMITED
Hongkong Bank Bldg., 3rd & 4th Floor,
Mahatma Gandhi Road, Fort, Mumbai 400001,
Maharashtra, India

I, Ajit Y. Sathe, Proprietor of A.Y.Sathe & Co., Practicing Company Secretaries, Mumbai, have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **MSEB HOLDING COMPANY LIMITED** (CIN: U40100MH2005SGC153649) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Companies Act, 1956 (to the extent applicable) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder (not applicable as the Company is Public Unlisted Company);

(iii) The Depositories Act, 1996 and the Regulations and by-laws framed thereunder (not applicable as Company's shares are in physical form);

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable to the Company during the audit period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were **NOT APPLICABLE** during the audit period as the Company is an Unlisted Public Company: -

    a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

e) The Securities and Exchange Board of India [Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015;

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(vi) In respect of other laws specifically applicable to the Company, I am informed that there are no other specifically applicable laws to the Company.

I have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards issued by The Institute of Company Secretaries of India (as originally framed and applicable w.e.f. 1st July, 2015, and as revised w.e.f. 1st October, 2017).

ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (not applicable to the Company during Audit Period, being a Public Unlisted Company).

During the Audit Period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following remark:

Under Companies Act, 2013:

a) The Company adopted the Audited Financial Statements including Consolidated Financial Statements, the Report of Directors & Auditors thereon alongwith the comments of Comptroller & Auditor General of India for the financial year ended 31st March, 2019 at the adjourned Annual General Meeting (AGM) held on 16th December, 2020.

I have relied on information/ records produced by the Company during the course of my audit and the reporting is limited to that extent.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the Company is Wholly Owned by the Government of Maharashtra and during the Audit Period, the Company issued and allotted equity shares of face value of Rs. 10/- each as under as per the Government of Maharashtra's Directives:

Sr. No.	No. and Date of GR by Government of Maharashtra	No. of shares allotted	Date of Allotment
1.	Nidhivi-2019/Pr. Kra.4/Urja-3 dated 01.02.2019	16,94,85,000	18/06/2019
2.	Nidhivi-2019/Pr. Kra.4(1)/Urja-3 dated 27.03.2019		
3.	Nidhivi-2019/Pr.Kra.21/Urja-3 dated 27.03.2019		
4.	Nidhivi-2018/Pr. Kra.77(1)/Urja-3 dated 26.03.2019		

I further report that, during the Audit Period, other than the above, there were no instances of the following:

i) Public/ preferential issue of shares/ debentures/ sweat equity;

ii) Redemption/ buy-back of securities;

iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013;

iv) Merger / amalgamation / reconstruction, etc.

v) Foreign technical collaborations.

For A.Y. Sathe & Co.,
Company Secretaries

CS Ajit Sathe
Proprietor
FCS No. 2899, COP No. 738
UDIN: F002899001645056

Place: Mumbai
Date: 24th December, 2020

This Report is to be read with our letter of even date, which is annexed as **"Annexure-I"** and forms an integral part of this Report.

Secretarial Audit Report - Annexure-I

To,
The Members,
MSEB HOLDING COMPANY LIMITED
Hongkong Bank Bldg., 3rd & 4th Floor,
Mahatma Gandhi Road, Fort, Mumbai 400001,
Maharashtra, India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A.Y. Sathe & Co.,
Company Secretaries

CS Ajit Sathe
Proprietor
FCS No. 2899, COP No. 738
UDIN: F002899001645056

Place: Mumbai
Date: 24th December, 2020

Annexure V

REPLY TO THE OBSERVATION IN THE SECRETARIAL AUDITOR REPORT FOR THE YEAR 2019-20

Auditor's Observations	Reply
(i) The Company adopted the Audited Financial Statements including Consolidated Financial Statements, the Report of Directors & Auditors thereon alongwith the comments of Comptroller & Auditor General of India for the financial year ended 31stMarch, 2019 at the adjourned Annual General Meeting (AGM) held on 16thDecember, 2020.	The Company being the Holding Company, is required to prepare the Consolidated Financial Statements in addition to the Standalone Financial Statements. Further, being a Government Company, provisions regarding the Supplementary/Test audit to be carried out by the Comptroller & Auditor General of India (CAG) are applicable. The Standalone Financial Statements were approved by the Board of Directors on September 4, 2019 and the Annual General Meeting (AGM) of the members was held on 28.12.2019. However, in absence of the comments of CAG on the Consolidated Financial Statements for the year ended 31.03.2019, the AGM was adjourned and the Financial statements were adopted by the Adjourned AGM.

For and On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Waghmare
Managing Director
DIN: 01843097

Place: Mumbai
Date: 02/09/2021

Annexure VI

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

(A) CONSERVATION OF ENERGY

(i)	The steps taken or impact on conservation of energy	No energy conservation measures were taken during the financial year.
(ii)	The steps taken by the company for utilising alternate sources of energy	No steps were taken for utilising alternate sources of energy
(iii)	The capital investment on energy conservation equipments	Not Applicable.

(B) TECHNOLOGY ABSORPTION

(i)	Efforts made towards technology absorption	Not Applicable.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Not Applicable.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): a. Details of technology imported; b. Year of import; c. Whether the technology been fully absorbed; d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof.	Not Applicable.
(iv)	the expenditure incurred on Research and Development	The Company has not undertaken any activity relating to research and development during the year under review.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Activities relating to exports: initiatives taken to increase exports; development of new export markets for products and services; and export **not applicable** plans:

(ii) Total foreign exchange earned and used

Particulars	2019-20	2018-19
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	Nil	Nil

For and on behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Waghmare
Managing Director
DIN: 01843097

Place : Mumbai
Date : 02/09/2021

Annexure VII

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	**CIN**	U40100MH2005SGC153649
ii)	**Registration Date**	31st May, 2005
iii)	**Name of the Company**	MSEB HOLDING COMPANY LIMITED
iv)	**Category/ Sub Category of the Company**	Public Company Limited by shares/State Govt. Company
v)	**Address of the Registered Office and contact details**	Hongkong Bank Bldg., 3rd & 4th Floor, Mahatma Gandhi Road, Fort, Mumbai–400001 Phone (022) 22619100 Fax: (022) 22619101 Email: msebhcl@gmail.com
iv)	**Whether Listed Company**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any.**	NSDL Database Management Limited CIN: U72400MH2004PLC147094 Address: 4th Floor, A Wing, Trade World, Kamala Mills Compound, SenapatiBapatMarg, Lower Parel, Mumbai-400013 Phone No. :91-22-24994200 Email: info_ndml@nsdl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Not Applicable	Not Applicable	Not Applicable

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

A. Holding Company: Nil

B. Subsidiaries under section 2(87) of the Companies Act, 2013

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	**Maharashtra State Power Generation Company Ltd.** (MSPGCL) Prakashgad, Plot No. G-9, Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40100MH2005SGC153648	Subsidiary	100%	2(87)
2.	**Maharashtra State Electricity Distribution Company Ltd.** (MSEDCL) Prakashgad, Plot No. G-9, Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40109MH2005SGC153645	Subsidiary	100%	2(87)
3.	**Maharashtra State Electricity Transmission Company Ltd.** (MSETCL) Prakashganga, Plot No. C 19, E Block Bandra Kurla Complex, Bandra (E) Mumbai–400051 Maharashtra	U40109MH2005SGC153646	Subsidiary	100%	2(87)
4.	**Mahagenco Ash Management Services Limited** Prakashgad, 2nd Floor, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40105MH2007SGC173433	Subsidiary of MSPGCL	100%	2(87)
5.	**MahagujColliaries Ltd.** Prakashgad, Plot No. G 9, Prof Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U10102MH2006SGC165327	Subsidiary of MSPGCL	60%	2(87)
6.	**Dhopave Coastal Power Ltd.** 2nd Floor, Prakashgad, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40108MH2007SGC168836	Subsidiary of MSPGCL	100%	2(87)
7.	**Aurangabad Power Company Ltd.**Prakashgad, 2nd Floor, Plot No. G 9, Prof .Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40109MH2007SGC171852	Subsidiary of MSEDCL	100%	2(87)

C. Associate Companies (including Joint Venture Companies) under section 2(6) of the Companies Act, 2013: Nil

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the financial year				No. of Shares held at the end of the financial year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	**88,940,226,502**	**88,940,226,502**	**100%**	-	**89,10,97,11,502**	**89,10,97,11,502**	**100%**	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total A(1):-	**0**	**88,940,226,502**	**88,940,226,502**	**100%**	**0**	**89,10,97,11,502**	**89,10,97,11,502**	**100%**	**-**
2. Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total A(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**88,940,226,502**	**88,940,226,502**	**100%**	**-**	**89,10,97,11,502**	**89,10,97,11,502**	**100%**	**-**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-

c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non Resident Indians	-	-	-	-	-	-	-	-	-
ii) Clearing Members	-	-	-	-	-	-	-	-	-
iii) HUFs	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**0**	**88,940,226,502**	**88,940,226,502**	**100%**	**0**	**89,10,97,11,502**	**89,10,97,11,502**	**100%**	**0**

B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the financial year			Shareholding at the end of the financial year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Governor of Maharashtra (alongwith nominees)	88,940,226,502	%	-	89,10,97,11,502	100%	-	-
	Total	**88,940,226,502**	**100%**	**-**	**89,10,97,11,502**	**100%**	**-**	**-**

C) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the financial year 01.04.2019		Cumulative Shareholding during the financial Year2019-2020	
	No. of shares	% of totalshares of the Company	No. of Shares	% of totalshares of the Company
At the beginning of the financial year	88,940,226,502	100%	88,940,226,502	100%
Allotment of equity shares on 18.09.2019	**16,94,85,000**	**0.19**	**89,10,97,11,502**	**100%**
At the end of the financial year	**89,10,97,11,502**	**100%**	**89,10,97,11,502**	**100%**

D) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the financial year		Shareholding at the end of the financial year	
		No. of shares	% to total shares	No. of shares	% to total shares
1	*	-	-	-	-
2	*	-	-	-	-
3	*	-	-	-	-
4	*	-	-	-	-

- The entire share capital is held by the Governor of Maharashtra along with nominees.

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the financial year		Cumulative Shareholding during the financial Year		Shareholding at the end of the financial year
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company	
A. Directors						
None of the Directors hold any Shares in the company (except as Nominee of Govt. of Maharashtra).						
A. Key Managerial Personnel						
None of the Key Managerial Personnelholds any Shares in the company.						

(V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	0	-	-	0
Change in Indebtedness during the financial year				
i) Addition/(Reduction) in Principal	-	-	-	-
ii) Addition/(Reduction) in Interest due but not paid	-	-	-	-
iii) Addition/(Reduction) in Interest accrued but not due	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	0	0	0	0

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of Managing Director/Whole-time Director/Manager					Total Amount (Rs.) Total
		Arvind Singh (MD)	Sanjeev Kumar (MD)	Aseemkumar Gupta (MD)	Anup Kumar Singh (WTD)	Sunil LaxmanPimpalkhute (WTD)	
1	**Gross salary**						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	**-**	**-**	**-**	**27,66,016**	**23,88,129**	**51,54,145**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	**-**	**-**	**-**	**-**	**-**	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	**-**	**-**	**-**	**-**	**-**	**-**
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify						
5	Others, please specify	-	-	-	-	-	-
	Total (A)	-	-	-	27,66,016	23,88,129	51,54,145
	Ceiling as per the Act**	-	-	-	N.A.	N.A.	N.A.

**Provisions of section 197 of the Companies Act, 2013 relating to overall Managerial Remuneration and Managerial remuneration in case of absence or inadequacy of profits are not applicable to the Company.

B. Remuneration to other Directors

Particulars of Remuneration	Name of Director			
Independent Directors	**Neeta Shrirang Kelkar**	**-**	**-**	**Ashok Sethi**
Fee for attending board, committee meetings	2,500	-	-	2,000
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total (1)	**2,500**			**2,000**
Other Non-Executive Directors	**-**	**Rajendra Balbhadra Goenka**	**Vishwas Pathak**	
Fee for attending board/committee meetings	-	1,500	1,500	-
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total (2)	-	**1,500**	**1,500**	**-**
Total (B)=(1+2)	**-**	**1,500**	**1,500**	-
Total ManagerialRemuneration	-	-	-	-
Overall Ceiling as per the Act	**1,00,000***			

*As per Section 196 of the Companies Act, 2013 read with relevant rules, a Company may pay sitting fees to a Director for attending meeting of the Board or Committee which shall not exceed Rupees one lakh per meeting of the Board or Committee. As per the Government Resolution (GR) no. PSU-10.10/cr. No.96/10/pu dated 13/03/2012 issued by the Finance Dept., Govt. of Maharashtra,a sitting fee of Rs. 500 (Rupees Five hundred only) per meeting is paid to Independent and Government Nominee Directors.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer	**Company Secretary**	**Chief Financial Officer***	**Total**
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	19,44,036	-	19,44,036
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	N.A.	-	N.A.	-
3	Sweat Equity	N.A.	-	N.A.	-
4	Commission	N.A.	-		-
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (1 to 5)	NIL	19,44,036	NIL	19,44,036

*The Whole-time Director (Finance) was appointed as CFO.

(VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			**NILL**		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**NILL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			**NILL**		
Compounding					

For and on behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Wghmare
Managing Director
DIN: 01843097

Place: Mumbai

Date: 02/09/2021

Annexure VIII

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Sl. No.	Name of the subsidiary	Maharashtra State Power Generation Co. Ltd. (MSPGCL) (Rs. in Crores)	Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) (Rs. in Crores)	Maharashtra State Electricity Transmission Co. Ltd. (MSETCL) (Rs. in Lakhs)	Mahagenco Ash Management Services Limited* (Amt. in Rs.)	Mahaguj Colliaries Ltd.* (Amt. in Rs.)	Dhopave Coastal Power Ltd.* (Amt. in Rs.)	Aurangabad Power Company Ltd.+ (Amt. Rs.)
	Nature	**Direct**	**Direct**	**Direct**	**Step-down**	**Step-down**	**Step-down**	**Step-down**
1.	Date since when subsidiary was acquired	31.05.2005	31.05.2005	31.05.2005	24.08.2007	01.11.2006	16.03.2007	20.06.2007
2.	Reporting period	FY 2019-20	FY 2019-20	FY 2019-20	FY 2019-20	FY 2019-20	FY 2019-20	FY 2019-20
3.	Reporting currency	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees
4	Share capital	253439462260	477239849000	89849747330	500000	500000	500000	500000
5.	Reserves & surplus	(70173515990)	(255947712000)	22530449000	635902	544070111	(83031962)	(62405457)
6.	Total Assets	672306797291	1370560662000	241965474000	1227542	544356453	82942470	1141945
7.	Total Liabilities	672306797291	1370560662000	241965474000	1227542	544356453	82942470	1141945
8.	Investments	21033834	3136980000	12858236000	-	-	-	-
9.	Turnover	246563133848	737614440000	37225546000	-	-	-	-
10	Profit before taxation	2104905250	4390228000	4929153000	(694416)	(23234355)	(31424)	(28615)
11.	Provision for taxation	3360168664	1318042000	(2788951000)	-	-	-	-
12.	Profit after taxation	(1255263414)	3072186000	1311130000	(694416)	(23234355)	(31424)	(28615)
13.	Proposed Dividend	-	-	-	-	-	-	-
14.	Extent of shareholding	100%	100%	100%	100%	60%	100%	100%

***Subsidiary of MSPGCL**

+Subsidiary of MSEDCL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Name 1	Name 2	Name 3
1. Latest audited Balance Sheet Date	-	-	-
2. Date on which the Associate or Joint Venture was associated or acquired.	-	-	-
3. Shares of Associate/Joint Ventures held by the company on the year end	-	-	-
No.	-	-	-
Amount of Investment in Associates/Joint Venture	-	-	-
Extent of Holding (in percentage)	-	-	-
4. Description of how there is significant influence	-	-	-
5. Reason why the associate/joint venture is not consolidated	-	-	-
6. Net worth attributable to shareholding as per latest audited Balance Sheet	-	-	-
7. Profit/Loss for the year	-	-	-
i. Considered in Consolidation	-	-	-
ii.Not Considered in Consolidation	-	-	-

Note: The Company has no Associates or Joint Ventures on the Reporting date

1. Names of associates or joint ventures which are yet to commence operations– **Not applicable**
2. Names of associates or joint ventures which have been liquidated or sold during the year– **Not applicable**

For and on behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Waghmare
Managing Director
DIN: 01843097

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place: Mumbai
Date: 02/09/2021

Annexure IX

PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY:

PART-I

Performance of Subsidiaries, Associates and Joint Venture Companies

(i) Maharashtra State Electricity Transmission Co. Ltd. (MSETCL)

During the year under review, performance of MSETCL was as under:

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Revenue from Operations	3,72,255.46	3,59,032.52
Other Income	39,144.51	39,144.51
Total Income	**4,11,399.97**	**4,11,399.97**
Repairs & Maintenance Expenses	24,532.71	19,362.00
Employee Benefits Expenses	1,28,290.57	95,539.05
Finance Cost	53,658.55	54,133.03
Depreciation and amortization expenses	1,19,437.05	1,13,794.66
Other Expenses	36,189.56	30,945.48
Total Expenditure	**3,62,108.44**	**3,13,774.22**
Profit / (Loss) before tax	**49,291.53**	**74,543.06**
Tax Expenses	(27889)	(22,036)
Profit / (Loss) for the year	**21,402.02**	**52,506.46**
Other Comprehensive Income	**(8,290.72)**	**(268.73)**
Total Comprehensive Income for the period	**13,111.30**	**52,237.73**

(ii) Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)

During the year under review, performance of MSEDCL was as under:

(Rs. in Lakhs)

Particulars	2019-20	2018-19
Revenue from Operation	7,376,144.40	7,321,066.61
Other Income	844,343.81	1,238,484.01
Total Revenue	**8,220,488.21**	**8,559,550.62**
Purchase of Power	6,885,039.12	6,342,583.91
Employee Benefits Expenses	518,614.31	462,672.73
Finance Expenses	487,116.43	483,256.90
Depreciation & Amortization	307,035.73	294,506.83

Other Expenses	823,441.34	795,860.20
Total Expenses	**9,021,246.93**	**8,378,880.57**
Regulatory Income/(Expenses)	844,661.00	49,500.00
Profit / (Loss) Before Tax	**43,902.28**	**131,170.05**
Tax Expenses	13,180.42	21,507.63
Profit/ (Loss) for the year	**30,721.86**	**109,662.42**
Other Comprehensive Income	(9,949.50)	(25,088.94)
Total Comprehensive Income for the period	20,772.36	84,573.48

(iii) Maharashtra Power Generation Co. Ltd. (MSPGCL)

During the year under review, performance of MSPGCL was as under:

(Rs. in Crores)

Particulars	2019-20	2018-19
Gross Sale of Power	21,963.98	18,985.11
Other Operating Revenue	2,692.33	2,430.71
Other Income	80.53	1,164.12
Total Revenue	**24,736.84**	**22,579.94**
Cost of material consumed	14,398.27	12,995.33
Employee Benefit Expenses	1,828.42	1,284.18
Finance Cost	3,578.79	3,169.73
Depreciation & Amortisation Expenses	2,799.95	3,158.39
Other Expenses	1,920.92	2,298.12
Total Expenses	**24,526.35**	**22,905.75**
Profit / (Loss) Before Tax	**(210.49)**	**(325.81)**
Tax Expenses	336.02	7.69
Profit / (Loss) for the Period	**(125.53)**	**(333.50)**
Other Comprehensive Income	**(106.90)**	**(0.48)**
Total Comprehensive Income for the period	**(232.42)**	**(333.98)**

PART-II

Contribution of the Subsidiaries, Associates and Joint Venture Companies to the overall performance of the Company:

(Rs. in Crores)

Sr. No.	Particulars	Consolidated as on 31.03.2020	Consolidated as on 31.03.2019	Variation
1.	Revenue from Operations	74,519	73,965	554
2.	Other Income	8,918	9,082	-165
3.	**Total Income**	**83,437**	**83,047**	**390**
4.	Total Expenses	85,258	79,539	5719
5.	**Profit Before Depreciation**	**(1,821)**	**3,508**	**(1687)**

6.	Depreciation for the year	7,090	7,288	(198)
7.	**Profit Before Tax**	**(8,911)**	**(3,780)**	**(5,131)**
8.	Share of Profit in associates and joint venture	5	5	(0)
9.	Regulatory Income/(Expenses)	8,447	(495)	8,942
10.	Income Tax & Deferred Tax Provision	731	486	(245)
11.	**Profit for the Period**	**(1,190)**	**(4,756)**	**(3,566)**
12.	**Other Comprehensive Income**	**(290)**	**(254)**	**(36)**
13.	**Total Comprehensive Income**	**(1,480)**	**(5,010)**	**(3,530)**

HIGHLIGHTS

- Net Increase in Loss before Depreciation in the F.Y. 2019-20 as compared to previous year is majorly on account of:

  i) **Increase in 'Revenue from other operating revenue** of MSEDCL to the tune of Rs. 554 crores as compared to previous year.

  ii) **Decrease in 'Revenue and subsidy grant'** of MSEDCL to the tune of Rs. 165 crores.

  iii) **Increase in 'cost of material consumed** of MSPGCL to the tune of Rs. 1403 crores due to incremental Import Coal consumed.

For and On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Waghmare
Managing Director
DIN: 01843097

Place: Mumbai
Date: 02/09/2021

Annexure X

Annual Report on Corporate Social Responsibility activities for the financial year 2019-20

(Pursuant to section 135 of the Companies Act, 2013)

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes**

   Be a socially responsible corporate entity and to lead the sector in the areas of protection of environment, bio-diversity, human rights and energy conservation. Contribute towards sustainable power development by discharging CSR that would positively impact the stakeholders and environment in various aspects.

2. **The composition of the CSR Committee.**

   2.1 The CSR Committee consisted of Shri. Vishwas Pathak (Chairman), Smt. Neeta Kelkar and Shri.Ashok Sethi as members.

   2.2 No meeting of the Committee was held during the year.

3. **Financial Details**

Particulars	Amount (Rs.)
Average net profit/(loss) of the Company for last three financial years:	(80,72,42,056)
Prescribed CSR Expenditure (2% of the average net profit)	Nil
Details of CSR Expenditure during the financial year:	
Total amount to be spent for the financial year	Not applicable
Amount spent	Nil
Amount unspent	Not applicable

4. **Manner in which the amount spent during the financial year is as follows:**

(Amt in Rs.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
	Nil	Nil	Nil	Nil	Nil	Nil	Nil

5. **In case the Company has filed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.**

   Considering the financials of the Company for the immediately preceding 3 (Three) years, i.e. financial year 2016-17, 2017-18 and 2018-19, average loss of the Company is Rs.80,72,42,056.

6. **This is to state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.**

For and On behalf of the Board of Directors

Sunil Pimpalkhute	**Dinesh Waghmare**
Director (Finance)	Managing Director
DIN: 01915725	DIN: 01843097

Place: Mumbai
Date: 02/09/2021

Annexure XI

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered by MSEB Holding Company Limited with its related parties (as per Section 188(1) of the Companies Act, 2013)

1. **Details of material contracts or arrangement or transactions not at arm's length basis. Nil**
2. **Details of contracts or arrangements or transactions at Arm's length basis:-**

Name(s) of the related party and nature of relationship	Amount (Rs.) excluding taxes	Nature of contracts / arrangements / transaction	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any.	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) [Wholly-owned Subsidiary]	41,21,39,928	Leasing of the premises of the MSEB Holding Company Ltd. to MSEDCL, MSETCL and MSPGCL as per terms of the MoU dated 31.12.2018	The arrangement was made pursuant to the Memorandum of Under-standing (MoU) executed on 31.12.2018 for 5 (five) years effective from 01.04.2018.	As per the Memorandum of Understanding executed on 31.12.2018 between MSEB Holding Co. Ltd. with its wholly-owned subsidiaries viz. MSEDCL, MSETCL and MSPGCL.	Pursuant to the directives of the Govt. of Maharashtra contained in the "Maharashtra Electricity Reforms Transfer Scheme, 2005" dated 04.06.2005 for providing and giving effect to the transfer of properties, interests, rights, liabilities obligations, proceedings and personnel of the Maharashtra State Electricity Board.	28.012.2018	Nil	Not applicable.
Maharashtra State Electricity Transmission Company Ltd. (MSETCL) [Wholly-owned Subsidiary]	17,38,91,928							
Maharashtra State Power Generation Company Ltd. (MSPGCL) [Wholly-owned Subsidiary]	22,95,36,900							

For and on behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Dinesh Waghmare
Managing Director
DIN: 01843097

Place: Mumbai
Date: 02/09/2021

INDEPENDENT AUDITORS' REPORT

To the Members of MSEB HOLDING COMPANY LIMITED

Report on the Audit of the Standalone Financial Statements

1. Qualified Opinion

We have audited the accompanying financial statements of **MSEB HOLDING COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements)

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and para 7.3(d) below on the non compliance of certain Indian Accounting Standards(Ind AS), in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2020, and its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

2. Basis for Qualified Opinion

We have not been able to obtain necessary information and explanations for the purpose of our audit in case of the followings: -

a) Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalised on 31st March'2016 vide GR No. Reform2010/ Pr.Ka.117/Urja of Rs. 14,453,400,000/-(refer note no. 7.2);

b) The company does not collect, maintain & present the details of dues to its vendors who are registered under Micro, Small and Medium Enterprises ('MSME') Development Act. 2006. Hence correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.

c) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (refer note no 9.1 & 19.1) and which may have impact on the financial position and certain disclosures in the financial statements.

d) MSEBHCL has given Corporate guarantees amounting to 9600 Crores and 1284 crores to Rural Electrification Corporation (REC) for loan availed by wholly owned subsidiary companies i.e MSEDCL and MSPGCL respectively. No fair valuation of which has been done as per requirements of Ind-AS 109 and as such impact of which is not ascertainable. (refer Note No. 25.7)

e) Share Application money received during F.Y.2019-2020 amounting to Rs. 64 Crores for which shares have been allotted on 14/10/2020, thus there is a contravention of the provision of Section 42 of The Companies Act 2013 (refer note No. 14)

f) Consideration received for issue of shares during the year amounting to Rs. 1,694,800,000/- is directly paid by GOM to Subsidiary company MSEDCL Rs.1,096,650,000/- and MSPGCL Rs. 59,82,00,000/- as per GR issued by GOM, contravening the provision of Section 42 of The Companies Act 2013 (Refer note no. 13(c))

Consequential impact of Para a) to f) above on the Profit, reserves and EPS are neither quantified / quantifiable nor disclosed.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

3. Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

3.1 Refer Note No. 9.2 where the company has shown advance tax of Rs. 1,602,393,605/- net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and Amount paid under protest Rs. 191,700,081/-. There is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company's judgment only and the amount shown as recoverable is subject to reconciliations and confirmations.

3.2 Refer Note No. 10.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs.3,716,865,567/- (P.Y. Rs.3,297,664,876/-) have been long outstanding. Provision for Expected Credit Loss as per IND AS 109 has been duly made in the books.

3.3 Refer Note No. 8.2 where the value of investments of the company in MSEDCL of Rs. 477,239,849,040 (P.Y. Rs. 476,143,199,040) has been diminished due continuous losses incurred by MSEDCL till 31st March, 2019. The diminution in the value of shares has not been provided for in the books. Although MSEDCL has incurred profits in F.Y 2018-2019, reserves as on 31st March'2019 are negative. The figures for 31.03.2020 have not yet been finalized.

3.4 It has been observed that the Gratuity and leave encashment provision in books contains the provision of employees of civil unit and the same is taken in books is from the date of their joining instead from the day they are deputed in MSEBHCL i.e. from F.Y. 2013-14.

3.5 Refer Note No.26, where the company has reported that due to the reasonable uncertainty on the lease period on account of ongoing disputes on the assets taken on lease, the Company has not recognised the "Right of Use Assets" (ROU) and a corresponding lease liability for all the lease arrangements in which it is a lessee.

3.5 We draw attention to Note No. 34 to the accompanying Standalone Ind AS Financial

Statement which explains uncertainties and the Management's evaluation of the financial impact on the company due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.

Our report is not qualified in respect of above matters.

4. Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this Auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

5. Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process

6. Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

7. Report on other legal and regulatory requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure "B" on the directions issued by The Comptroller and Auditor General of India.

3. As required by Section 143(3) of the Act, based on our audit, we report that :

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, except for the effect of the matters described in the para Basis for Qualified Opinion above proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. Subject to our observations in para 2 above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. The provisions of Section 164(2) of the Companies Act, 2013, are not applicable to the Company, pursuant to the Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Government of India;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

   g. In terms of provisions of Section 197(16) of the Act, we report as under:

      The Company being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it vide MCA Notification dated 5th June 2015.

   h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   a. The Company has disclosed the impact of pending litigations on its financial position in Note 25 to its Standalone Ind AS Financial statements.

   b. The Company does not have any long-term contracts including derivative contracts and also as per the Board's estimates, there are no material foreseeable losses, requiring provision under the applicable law or accounting standards;

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **SPCM & Associates**
Chartered Accountants
Firm Regn. No. 112165W

CA Suhas P. Bora
Partner
Membership No. 039765
UDIN: 20039765AAAAJP9821

Place: Mumbai
Date: 16.12.2020

"Annexure A" to Independent Auditors' Report

Referred to in Paragraph 7.1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

i. In respect of its fixed assets:

(a) The Company has maintained fixed assets register in respect of assets allocated under Scheme of Transfer and additions made thereto after the incorporation of the Company pursuant to above scheme capturing the details of quantity and location of the asset. (Refer Note No. 7.5). The company needs to further streamline its fixed asset register to show proper and identifiable records, to the extent possible, showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us fixed assets have not been physically verified by the company during the year. Last physical verification of the Fixed Assets was carried out by the management during the year 2010-11. The discrepancies after 2010-11, if any, with the book records whether material or otherwise could not be ascertained. (Refer Note No. 7.5).

(c) In our opinion and according to the information and explanations given to us, title deeds of immovable properties are not held in the name of the company since all the assets were transferred consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003 and further increased under the provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No. Reform 2010 /Pr.Ka.117 /Urja. Detail of such cases where the title deeds are not in name of company is as below:-

Description of Asset	No of cases	Area in acres	Gross Block as on 31/03/2020 (Rs.)	Net Block as on 31/03/2020 (Rs.)	Remarks
Land-Leasehold	2	7.10	2,045,934,468	1,613,464,280	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	4	1.89	708,880,000	708,880,000	
Building and structures	13	Not Available	11,805,768,954	7,510,979,446	

ii. According to the information and explanations given to us, during the year, Company is involved in renting activity only and therefore no inventory is carried by the company. Accordingly, clause 3 (ii) of the Order is not applicable to the company.

iii. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act,2013. Accordingly, clause 3 (iii) (a) & (b) of the Order are not applicable to the company.

iv. During the year the Company has given guarantee in respect of loans raised by its subsidiary company MSEDCL, however no loans were granted which are covered under Section 185 and 186 of the Companies Act, 2013. In respect of investments in the Subsidiary and guarantee given on behalf of subsidiary company, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any public deposits and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.

vi. As the Company is not engaged in production, processing, manufacturing and/ or similar activities, the rules prescribed by Central Government for maintenance for cost records under sub section (1) of Section 148 of the Companies Act, 2013 are not applicable to the company. Hence, provisions of Clause 3 (vi) of the Order are not applicable.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income-tax, Service tax, duty of Customs, duty of Excise, GST, cess and other statutory dues, as applicable, with the appropriate authorities.

(b) According to the records of the Company and the information and explanations given to us, disputed dues payable by the Company as on 31st March 2020 on account of Income-tax, Sales-tax, Service-tax, Duty of Custom, Duty of Excise, Value Added Tax and GST are as under:

Sr. No	**Name of Statute**	**Nature of Dues**	**Amount (In Rs.)**	**Period to which the amount relates**	**Forum where dispute is pending**
1	Income Tax Act, 1961	Penalty	141,65,57,002	AY 2006-07	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Penalty	1,121,736,837	AY 2007-08	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Penalty	1,271,079,159	AY 2008-09	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	Penalty	1,034,815,207	AY 2009-10	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Penalty	980,338,089	AY 2010-11	Commissioner of Income Tax (Appeals)

viii. The Company has not taken any loans from financial institutions or banks and has not issued debentures. However in respect of Bonds issued by erstwhile MSEB, no confirmation for determination of the Liability recorded in the books of the Company under provisional Transfer Scheme, since finalized on 31st March'2016 vide GR No. Reform 2010/Pr.Ka.117/ Urja, is received from the Company and hence we are unable to comment in respect of default, if any.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer and no term loans were raised by the company. Accordingly, clause 3 (ix) of the Order is not applicable and hence not commented upon.

x. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company.

xi. As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.

xii. In our opinion the company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order, for Nidhi Company, are not applicable to the Company and hence not commented upon.

xiii. Based on our audit procedures performed and according to the information and explanations given to us, the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian accounting standards (Ind AS).

xiv. According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet, the Company has made preferential allotment or private placement of shares during the year under review. Company has not made preferential allotment or private placement of fully or partly convertible debentures during the year under review. The company has not complied with the requirements of Section 42 of the Act and the amount raised have been used for the purpose for which funds were raised.

xv. Based on our audit procedures performed and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.

xvi. According to information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.

For **SPCM & Associates**
Chartered Accountants
Firm Regn. No. 112165W

CA Suhas P. Bora
Partner
Membership No. 039765
UDIN: 20039765AAAAJP9821

Place: Mumbai
Date: 16.12.2020

Annexure "B"- Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act

In terms of Directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act, and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanation given to us, we give a statement on the matters specified in the said Directions.

i. Directions under sub-section (5) of section 143 of the Act

AUDITOR'S COMMENTS		
Sr. No.	**Directions**	**Replies**
1	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	In our opinion and according to the information and explanations given to us, there are no cases of waiver/write off of debts/loans/ interest etc.
2	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	According to information and explanations given to us, there are no Inventories lying with third parties and also there are no assets received as gift/grant from Government or other authorities.
3.	A report on age-wise analysis of pending legal/ arbitration cases, including the reasons for the pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	As per Annexure-1
4.	A report if the company has been selected for disinvestment, complete status report in terms of valuation assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.	According to information and explanations given to us, Company has not been selected for disinvestment.

<u>Annexure-1</u>

Sr. No.	Year	Building Name	Court case No.	Name of court	Reason	Status of case
1	2001	Hongkong Shanghai Bank building 3rd Floor and part of 4th floor	Appeal 213/18 TER 346/366/2001	Small Cause Court, Mumbai	Vacation of the 3rd and 4th floor potion in possession of MSEBHCL at HSBC Fort.	Arguments in Small Couse Court- 05, Mumbai Next Date 07-11-2019

2	2004	Estrela Batteries Expansion building Dharavi 2nd Floor.	Suit no.1663/ 2004	Bombay High Court, Mumbai	Suit filed for specific part performance against M/S EBL in the matter of purchase of Estrela batteries Expansion Building	Cross Examination of plaintiff witness by court commissioner. Affidavit submission due date 14-10-2019 after this cross examination start
3	2009	Estrela Batteries Expansion building Dharavi	RAE 533/801/09	Small cause court, Mumbai	Regarding vacation of 2nd floor in possession of Central Excise Dept. in Dharavi Office Building at Estrela Batteries compound	Reply in Notice at Small Cause Court – 10, Mumbai. Reply against exhibit No. 24 & 29.

ii. Sector specific Sub Directions

AUDITOR'S COMMENTS		
Sr. No.	Directions	Replies
1	Whether the company has an effective system of recovery of Revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with applicable Accounting Standards?	The recovery of rent from subsidiary companies had been long outstanding although the same is properly accounted for.
2	Where land Acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all case? The cases of deviation may be please be detailed.	This clause is not applicable on the company.
3	Whether Profit/Loss mentioned in Audit Report is per profit & Loss statements of the Company?	Yes, the Profit mentioned in Audit Report is as per Statement of Profit and Loss of the Company.

For **SPCM & Associates**
Chartered Accountants
Firm Regn. No. 112165W

CA Suhas P. Bora
Partner
Membership No. 039765
UDIN: 20039765AAAAJP9821

Place: Mumbai
Date: 16.12.2020

"Annexure C" to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MSEB Holding Company Ltd. ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SPCM & Associates**
Chartered Accountants
Firm Regn. No. 112165W

CA Suhas P. Bora
Partner
Membership No. 039765
UDIN: 20039765AAAAJP9821

Place: Mumbai
Date: 16.12.2020

PART -I BALANCE SHEET
MSEB Holding Company Limited
Standalone Balance Sheet for the year 31st March 2020

(Amount in Rs.)

Sr. No.	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
	ASSETS			
(1)	**Non Current Assets**			
a	Property, Plant & Equipment	6	2,380,833,114	2,420,789,834
b	Capital Work in Progress	6	6,994,000	-
c	Investment Properties	7	7,510,979,446	7,928,743,808
d	Goodwill		-	-
e	Other Intangible Assets		-	-
f	Intangible Assets under Development		-	-
g	Biological Assets other than bearer plants		-	-
h	Financial Assets		-	-
	(i) Investments	8	821,169,058,630	818,834,208,630
	(ii)Trade Receivables			-
	(iii) Loans			-
	(iv) Others (to be specified)			-
i	Deferred Tax Assets (Net)			-
j	Other Non Current Assets	9	38,816,029,241	38,680,480,679
(2)	**Current Assets**			
a	Inventories		-	-
b	Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	10	3,500,420,470	3,120,153,036
	(iii) Cash & cash Equivalents	11	180,573,027	289,256,639
	(iv) Bank Balances Other than (iii) above			-
	(v) Loans		-	-
	(iv) Others		-	-
c	Current Tax Assets (Net)		-	-
d	Other Current assets	12	5,426,568	6,337,118
	Assets held for sale/Assets included in disposal group(s) held for sale		**-**	**-**
	Total Assets		**873,570,314,496**	**871,279,969,744**
	EQUITY AND LIABILITIES			
	EQUITY			
a	Equity Share capital	13	891,097,115,020	889,402,265,020
b	Other Equity	14	-20,906,602,156	-21,739,386,658
	LIABILITIES			
(1)	Non Current Liabilities			
a	Financial laibilities			

	(i) Borrowings		-	-
	(ii) Trade Payables		-	-
	(iii) Other fianancial Liabilities (other than those specified in item (b))		-	-
b	Provisions	15	45,436,797	37,722,919
c	Deferred Tax Liabilities (Net)	16	238,205,370	407,978,523
d	Other Non Current Liabilities			-
(2)	Current Liabilities			
a	Financial laibilities			
	(i) Borrowings		-	-
	(ii) Trade Payables	17	19,886,976	24,325,776
	(iii) Other fianancial Liabilities (other than those specified in item (c))	18	11,662,999	7,481,627
b	Other Current Liabilties	19	3,036,221,507	3,091,800,520
c	Provisions	20	28,387,983	47,782,017
d	Other Current Liabilities			
	Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale		-	-
	Total Liabilities and Equity		873,570,314,496	871,279,969,744
	Significant Accounting Policies	1-5		
	Notes to accounts	6-35		

See accompanying notes to the fianancial statements

As per our report of even date

For and on Behalf of Board

For SPCM & Associates
Chartered Accountants
Firm Registration Number: 112165W

Sunil Pimpalkhute
Director Finance & CFO
(DIN: 01915725)

Aseem Kumar Gupta
Managing Director
(DIN:02607016)

CA Suhas P. Bora
Partner
Membership Number : 039765
UDIN : 20039765AAAAJP9821

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 16.12.2020

Place : Mumbai
Date : 16.12.2020

PART II - STATEMENT OF PROFIT AND LOSS

MSEB Holding Company Limited

Standalone Statement of Profit and Loss for the year ended 31st March 2020

(Amount in Rs.)

Sr. No.	Particulars	Note No.	For the Year 2019-2020	For the Year 2018-2019
(i)	**Revenue from operations**		**-**	**-**
(ii)	**Other Income**	**21**	**841,589,659**	**844,909,512**
I	**Total Income (i)+(ii)**		**841,589,659**	**844,909,512**
	Expenses			
(i)	Cost of materials consumed		-	-
(ii)	Purchase of Stock-in-Trade		-	-
(iii)	Changes in Inventories of finished goods, Stock-in-trade and work-in-progress		-	-
(iv)	Employee Benefits Expenses	22	66,412,654	47,973,682
(v)	Finance Costs		-	-
(vi)	Depreciation and amortization expense	23	461,199,346	462,733,902
(vii)	Others expenses	24	284,963,255	248,578,427
II	**Total Expenses ((i) to (vii))**		**812,575,255**	**759,286,011**
III	**Profit /(Loss) before exceptional items and tax (II-I)**		**29,014,404**	**85,623,501**
IV	Exceptional Items			
V	Profit /(Loss) before tax (III - IV)		29,014,404	85,623,501
VI	**Tax Expenses:**			
	(1) Current Tax -MAT		-	18,398,306
	(2) MAT Credit Entilement		-	-18,398,306
	(3) Deferred Tax		-169,773,153	407,978,523
	(4) Previous Year Taxes		-	-
VII	**Profit /(Loss)for the period from continuing operations (V-VI)**		**198,787,557**	**-322,355,022**
VIII	**Profit /(Loss) from discontinued operations before tax**		**-**	**-**
IX	Tax Expenses of discontinued operations		-	-
X	**Profit /(Loss) from discontinued operations (After tax) (VIII- IX)**		**-**	**-**
XI	**Profit /(Loss) for the period**		**198,787,557**	**-322,355,022**
XII	**Other Comprehensive Income**			
(A)	(i) Items that will not be reclassified to profit or loss			-
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Subtotal (A)			-
(B)	(i) Items that will be reclassified to profit or loss		-6,003,055	2,258,477
	(ii) Income tax relating to items that will be reclassified to profit or loss			

	Subtotal (B)		-6,003,055	2,258,477
XIII	**Other Comprehensive Income(A+B)**		**-6,003,055**	**2,258,477**
XIV	**Total Comprehensive Income for the period (XI + XIII)**		**192,784,502**	**-320,096,545**
XV	**Earning per equity share (for continuing operations)**			
	Basic (Rs.)		0.002	-0.004
	Diluted (Rs.)		0.002	-0.004
XVI	**Earnings per equity share (for discontinued operations)**			
	Basic (Rs.)		-	-
	Diluted (Rs.)		-	-
XVII	**Earnings per equity share (for continuing and discontinued operations)**			
	Basic (Rs.)	30	0.002	-0.004
	Diluted (Rs.)	30	0.002	-0.004
	Significant Accounting Policies	**1-5**		
	Notes to accounts	**6-35**		

See accompanying notes to the fianancial statements

As per our report of even date — **For and on Behalf of Board**

For SPCM & Associates
Chartered Accountants
Firm Registration Number: 112165W

Sunil Pimpalkhute
Director Finance & CFO
(DIN: 01915725)

Aseem Kumar Gupta
Managing Director
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CA Suhas P. Bora
Partner
Membership Number : 039765
UDIN : 20039765AAAAJP9821

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 16.12.2020

Place : Mumbai
Date : 16.12.2020

PART III -CASH FLOW

MSEB Holding Company Limited

Standalone Cash Flow Statement for the year ended 31st March 2020

(Amount in Rs.)

Particulars	2019-20		2018-19	
A. Cash flows from operating activities				
Net profit before taxation		29,014,404		85,623,501
Adjustments for:				
Depreciation	461,662,189		462,733,902	
Interest income	(21,488,379)		(17,346,337)	
Previous Year Taxes	-			
Interest expenses	-	440,173,810	-	445,387,565
Operating profit before working capital changes		469,188,214		531,011,066
Adjustments for:				
Increase/(Decrease) in Reserves	163,770,098		(405,720,046)	
Increase/(Decrease) in Other Long Term Liabilities	(4,438,800)		3,122,714	
Increase/(Decrease) in Long Term Provisions	7,713,878		(12,757,041)	
Increase/(Decrease) in Other Current Liabilities	(55,579,013)		99,082,755	
Increase/(Decrease) in Other Current Fianancial Liabilities	4,181,372		6,829,110	
Increase/(Decrease) in Short Term Provisions	(19,394,033)		(22,986,548)	
Increase/(Decrease) in Deferred Tax Liabilties	(169,773,153)		407,978,523	
Increase/(Decrease) in Other Non Current Assets	(135,548,562)		(264,199,497)	
Increase/(Decrease) in Short Term Loans & Addvances	-		-	
Increase/(Decrease) in Other Current assets	910,550		4,091,687	
Increase/(Decrease) in Trade Receivable	(380,267,435)	(588,425,098)	(421,543,064)	(606,101,407)
Cash generated from operations		(119,236,884)		(75,090,341)
Less: Taxes paid(net of refunds)			-	
		-		-
Cash flow before extraordinary item		(119,236,884)		(75,090,341)

Add/ Less: Extra-ordinary items				
Net cash from operating activities (A)		(119,236,884)		(75,090,341)
B. Cash flows from investing activities				
Purchase of fixed assets and addition to Capital Work in Progress	(10,935,107)		(9,555,693)	
Sale of Assets	-		-	
Purchase of Non Current Investments	(2,334,850,000)		(2,558,849,984)	
Interest received (Net of TDS)	21,488,379		17,346,337	
Fixed Deposits Matured				
		(2,324,296,728)		2,551,059,340)
Net cash used for investing activities (b)				
C. Cash flows from financing activities				
Proceeds from issuance of Share Application Money Pending allotment	640,000,000		2,558,850,000	
Proceeds from issuance of Shares	1,694,850,000			
Interest paid	-			
Increse in Long Term borrowings on account of Interest			-	
Interest charged to P & L	-		-	
Decrease in Other Current Liabilities on account of interest	-		-	
Net cash from financing activities (C)				
		2,334,850,000		2,558,850,000
Net increase in cash and cash equivalents (A + B + C)		**(108,683,612)**		**(67,299,681)**
Cash and cash equivalents at beginning of period		**289,256,639**		**356,556,320**
Cash and cash equivalents at end of period		180,573,027		289,256,639

Foot Note:

1) Cash flow is prepared under Indirect Method as prescribed in IND AS 7-Cash FlowStatements

2) Cash & Cash Equivalents included in the Financial Statements comprise the following.

Cash & Cash Equivalents		As on 31.03.20		As on 31.03.19
Balance in Current accounts		752,214		737,625
Cheques on hand				
Balance in Fixed Deposits (maturity less than 3 months)				
Balance in Fixed Deposits (maturity less than 12 months more than 3 months)		179,820,813		288,519,014
Total		**180,573,027**		**289,256,639**

As per our report of even date

For and on Behalf of Board

For SPCM & Associates
Chartered Accountants
Firm Registration Number: 112165W

Sunil Pimpalkhute
Director Finance & CFO
(DIN: 01915725)

Aseem Kumar Gupta
Managing Director
(DIN:02607016)

CA Suhas P. Bora
Partner
Membership Number : 039765
UDIN : 20039765AAAAJP9821

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 16.12.2020

Place : Mumbai
Date : 16.12.2020

Standalone Statement of changes in equity

PART -I BALANCE SHEET

Standalone Statement of changes in Equity for the year ended 31st March 2020

A. Equity Share Capital

Particulars	Amt (Rs.)
As at 1st April 2018	880,865,414,020
Issue of share capital (As per Note)	8,536,851,000
As at 31st March 2019	889,402,265,020
Issue of share capital (As per Note)	1,694,850,000
As at 31st March 2020	891,097,115,020

B. Instruments entirely equity in nature

a. Compulsorily Convertible Preference Shares

Particulars	Amt (Rs.)
As at 1st April 2018	-
Issued during the yr 2018-2019	-
As at 31st March 19	-
Issued during the yr 2019-2020	-
As at 31st March 2020	-

b. Compulsorily Convertible Debentures

Particulars	Amt (Rs.)
As at 1st April 2018	-
Issued during the yr 2018-2019	-
As at 31st March 2019	-
Issued during the yr 2019-2020	-
As at 31st March 2020	-

c. Instrument (any other instrument entirely equity in nature)

Particulars	Amt (Rs.)
As at 1st April 2018	-
Issued during the yr 2018-2019	-
As at 31st March 2019	-
Issued during the yr 2019-2020	-
As at 31st March 2020	-

Statement of changes in equity

MSEB Holding Company Limited

Standalone Statement of changes in Equity for the year ended 31st March 2020

A. Equity Share Capital

Particulars	Amt (Rs.)
As at 31st March 2019	889,402,265,020
Issue of share capital	1,694,850,000
As at 31st March 2020	891,097,115,020

B. Other Equity

For the year ended 31st March

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			
			Capital reserves	Securities premium Reserve	Other reserves (Specify nature)	Retained Earnings
Balance as on 1st April 2019	-	-	-	-	-	-21,739,386,657
Changes in accounting policy/prior period errors						-
Restated balance at the begining of the reporting period		-	-	-	-	-21,739,386,657
Profit for the year			-	-	-	198,787,557
Other Comprehensive Income for the year			-	-	-	-6,003,055.00
Dividends			-	-	-	-
Transfer to retained earnings			-	-	-	-
Share Application Money received during the year	2,334,850,000					

Shares issued during the year	1,694,850,000		-	-	-	-
Balance as on 31st March 2020	640,000,000	-	-	-	-	-21,546,602,156

As per our report of even date

For and on Behalf of Board

For SPCM & Associates
Chartered Accountants
Firm Registration Number: 112165W

Sunil Pimpalkhute
Director Finance & CFO
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Aseem Kumar Gupta
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CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 16.12.2020

Place : Mumbai
Date : 16.12.2020

Note 1: Corporate information:

Maharashtra State Electricity Board Holding Company Ltd. (MSEBHCL) was incorporated w.e.f. 31.05.2005 consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003. It has three Subsidiaries Companies viz. Maharashtra State Power Generation Co. Ltd. (MSPGCL), Maharashtra State Electricity Transmission Co. Limited (MSETCL), Maharashtra State Electricity Distribution Co. Limited (MSEDCL). The Company started its operation from 6th June 2005 in accordance with the "Provisional Transfer Scheme" of the Government of Maharashtra. The "Provisional Transfer Scheme" was a scheme under which all the three subsidiary Companies and this Company came into existence from the erstwhile MSEB Board. The said scheme has been finalised and the Financial Restructuring Plan (FRP) has been approved by the GOM on 31st March 2016and has been notified vide GR No.Reform2010/ Pr.Ka.117/Urja-3. The scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005.

Note 2: Basis of preparation:

Thestandalonefinancial statements have been prepared to comply, in all material aspects, in accordance with the Indian Accounting Standards(herein after referred to as 'IND AS') notified under Section 133 of the Companies Act, 2013 (the Act),[the Companies (Indian Accounting Standards) Rules, 2015 and the other relevant provisions of the Act].

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years (Refer NoteNo. 4onsignificant accounting judgements, estimates and assumption).

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments.) at the end of each reporting period, as explained in the accounting policies below.

The financial statements are presented in Indian Rupees ('INR' or 'Rupees' or 'Rs.) which is the Company's functional currency.

Note 3: Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/non- current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after reporting period.

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

  Or
- There is no unconditional right to defer the settlement of the liability for at twelve months after the reporting period.

Deferred tax assets/liabilities are classified as non-current on net basis.

All other liabilities are classified as non-current.

Note 4: Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;
- Fair value measurements of financial instruments
- Impairment of non-financial assets;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies;
- Evaluation of recoverability of deferred tax assets;
- Revenue recognition

Note 5: Significant accounting policies:

1. Property, Plant and Equipment (PPE):

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as separates component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss incurred.

Capital work in progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet.

Capital Expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, are adjusted prospectively.

When the use of a Property changes from owner-occupied to Investment property, the property is reclassified as Investment Property at its carrying amount on the date of classification.

Leased Assets

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

In other case, buildings constructed on leasehold lands are amortised over the primary lease of thelands.Freehold land is not depreciated.

Estimated useful lives of the assets are as follows:

Nature of Assets	Years
Leasehold Land	01 to 80
Buildings	01 to 60
Plant &Equipment	01 to 15
Furniture & Fixtures	01 to 10
Vehicles	01 to 08
Computers	01 to 03

Assets individually costing Rupees five thousand or less are fully depreciated over a period of twelve months from the date available for use.

2. Investment properties:

Investment properties comprise portions of freehold land and office buildings that held for long-term rentals yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequently investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

The cost includes the cost of replacing parts and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Comparative Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arises.

Though the Company measures investment property using costbased measurement and considered the same amount as the fair value of all the investment properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3. Intangible assets:

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. The cost of intangible assets that are acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset (except goodwill) is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

a) **Goodwill –** Goodwill is initially recognised at cost and is subsequently measured at cost loss any accumulated impairment losses.

b) **Software –** Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years.

c) **Licences –** Acquired licenses are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in profit or loss on a straight-line basis over the unexpired period of the license and is disclosed under 'depreciation and amortisation'. The amortisation period relating to licenses acquired in a business combination is determined primarily by reference to the unexpired license period.

d) **Other acquired intangible assets –** Other intangible assets are initially recognised at cost. Other intangible assets acquired in business combinations are amortised over the estimated useful lives from the date they are available for use.

Intangible assets that have an indefinite useful life, for example goodwill, and intangible assets not yet put to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances include, through are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

4. Impairment of non-financial assets:

At each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined at the higher of the fair value less cost to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share process for publicly traded companies or other available fair value indicators.

Impairments losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously re-valued with the revaluation taken to Other Comprehensive Income (the 'OCT'). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

5. Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and on hand which are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value. Outstanding bank overdrafts are shown within the borrowings in current liabilities in the statement of financial position and which are considered an integral part of the Company's cash management.

6. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, rebates, and GST and other taxes as applicable for the time being in force. The Company assesses its revenue arrangements against specific criteria i.e whether it has exposure to the significant risks and rewards associated with the sale of goods or rendering of services, in order to determine if it is acting as a principal or as an agent.

a. Interest income –

For all the financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets as fair value though profit or loss, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in ‘finance income’ in the income statement.

b. Dividend income –

Dividend income is recognised when the Company’s right to receive the payment is established.

c. Lease Income –

Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

7. Accounting/ classification of expenditure and income

Prior Period Items includes items of income or expenses which arise in the current period as a result of error or omission in the preparation of financial statements of one or more prior years. These are separately accounted for either by –

a) Restating the comparative amounts for the prior period(s) in which the error occurred,

or

(b) When the error occurred before the earliest prior period(s) presented, restating the opening balances of assets, liabilities and equity for that period, so that the financial statements are presented as if the error had never occurred.

Only where it is impracticable to determine the cumulative effect of an error on prior periods, then such effect is corrected prospectively from the earliest date practicable.

8. Employee benefits:

The Company’s post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of deferred compensation and compensated absences.

Under the defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long term employee benefit fund or qualifying insurance policies.

All the expenses excluding re-measurements of the net defined benefits liability (asset), in respect of defined benefit plans are recognised in the profit or loss as incurred. Re-measurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated Absence

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.

The amount charged to the income statement in respect of these plans is included within operating costs.

The Company's contribution to defined contribution plans are recognised in profit or loss as they fall due. The Company has no further obligations under these plans beyond its periodic contributions.

9. Borrowing costs:

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

10. Leases:

The Company has adopted Ind AS 116 "Leases" effective from 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated. The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (shortterm leases) and leases of low value assets. For these shortterm and leases of low value assets, the Company recognises the lease payments as an operating expense on a straightline basis over the term of the lease. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing Cash Flows.

11. Earnings per share:

The Company’s earnings per share (EPS) is determined based on the net profit attributable to the shareholders’ of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options (using the treasury stock method for options), except where the result would be anti- dilutive.

12. Taxes on Income:

a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity. The Company periodically evaluates positions taken in the tax returns with respect to which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

b. Deferred tax

Deferred tax liability/Asset is provided on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilitiesare recognised for all taxable temporary difference, except –

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will be not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current incomes tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

13. Provisions, Contingent Liabilities, Contingent Assets and Commitments:

a. General – Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b. **Contingencies –** Contingencies liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

14. Fair value measurement:

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the level of the fair value hierarchy as explained above.

15. Financial Instruments:

(i) Financial assets:

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purpose of subsequent measurement financial assets are classified into two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e fair value through profit & loss), or recognised in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- **Cash flow characteristic test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designed at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristic test:** The contractual terms of the financial asset give rise

on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an ‘accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investment are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in ‘other comprehensive income’.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Derecognition

A financial asset (or where applicable, a part of a financial asset or part of group of similar financial assets) is primarily derecognised (i.e removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either:

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In case, the Company also recognises an associated liability,the transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost in the financial statements.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivable; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the history observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12- months ECL is used to provide for impairment loss. However, if credit risk has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then then Company reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Expected credit loss has been provided on the Long Term Trade Receivables against rentals from property on the basis of the following slabs to arrive at the time value

No of Days	ECL
0-90 Days	1%
90-180 Days	3.25%
180 & Above	6.5%

(ii) Financial Liabilities:

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payable, maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilitiessimultaneously.

16. Cash flow statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (Ind AS) 7 on 'Statement of Cash Flow'. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Note 6

Standalone Property, Plant And Equipment

(Amt in Rs)

Particulars	Leasehold Land	Freehold Land	Plant & Machinery	Vehicles	Furniture & Fixtures	Computers	Total	Capital Work in Progress
Year ended 31st March 2019								
Gross Carrying Amount								
Cost as at 1st April 2018	2,045,934,468	708,880,000	130,172,793	11,315,565	125,285,606	3,204,421	3,024,792,853	
Additions	-	-	9,005,869	-	529,764	20,060	9,555,693	
Adjustments	-	-	-	-	-	-	-	-
Disposal/Transfers	-	-	-	-	-	-	-	
Closing Gross Carrying Amount	2,045,934,468	708,880,000	139,178,662	11,315,565	125,815,370	3,224,481	3,034,348,546	-
Accumulated Depreciation and Impairment								
Opening Accumulated Depreciation	366,604,524	-	88,720,122	6,241,758	107,225,959	2,241,366	571,033,729	-
Depreciation Charge during the year	32,932,832	-	6,046,920	1,013,716	2,280,132	251,383	42,524,983	-
Adjustments	-	-	-	-	-	-	-	-
Disposal/Transfers	-						-	-
Closing Accumulated Depreciation and Impairment	399,537,356	-	94,767,042	7,255,474	109,506,091	2,492,749	613,558,712	-
Net Carrying Amount	**1,646,397,112**	**708,880,000**	**44,411,620**	**4,060,091**	**16,309,279**	**731,732**	**2,420,789,834**	**-**
Year ended 31st March 2020								
Gross Carrying Amount								
Opening Gross Carrying Amount	**2,045,934,468**	**708,880,000**	**139,178,662**	**11,315,565**	**125,815,370**	**3,224,481**	**3,034,348,546**	**-**
Additions	-	-	2,458,142	-	525,544	488,371	3,472,057	6,994,000

Adjustments	-	-	-	-	-	-	-	
Disposal/Transfers	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	**2,045,934,468**	**708,880,000**	**141,636,804**	**11,315,565**	**126,340,914**	**3,712,852**	**3,037,820,603**	**6,994,000**
Accumulated Depreciation and Impairment								
Opening Accumulated Depreciation	399,537,356	-	94,767,042	7,255,474	109,506,091	2,492,749	613,558,712	-
Depreciation Charge during the year	32,932,832	-	6,479,493	716,247	2,807,075	493,130	43,428,777	-
Adjustments							-	-
Disposal/Transfers							-	
Closing Accumulated Depreciation and Impairment	**432,470,188**	**-**	**101,246,535**	**7,971,721**	**112,313,166**	**2,985,879**	**656,987,489**	**-**
Net Carrying Amount	**1,613,464,280**	**708,880,000**	**40,390,269**	**3,343,844**	**14,027,748**	**726,973**	**2,380,833,114**	**6,994,000**

Note 7

Investment Property

(Amt in Rs)

Particulars	Freehold Buildings
Cost	
Cost as at 1st April 2018	11,805,299,904
Additions	-
Adjustments	-
Disposal/Transfers	-
As at 31st March 2019	**11,805,299,904**
Additions	469,050
Adjustments	-
Disposal/Transfers	-
As at 31st March 2020	**11,805,768,954**
Accumulated Depreciation	
As at 1st April 2018	**3,456,347,177**
Depreciation Charge during the year	420,208,919
Adjustments	-
Disposal/Transfers	-
As at 31st March 2019	**3,876,556,096**
Depreciation Charge during the year	418,233,412
Adjustments	-
Disposal/Transfers	-
As at 31st March 2020	4,294,789,508
Net Book Value	
As at 31st March 2019	7,928,743,808
As at 31st March 2020	7,510,979,446
Fair Value	
As at 31st March 2019	7,928,743,808
As at 31st March 2020	7,510,979,446
	2019-2020
Rental Income derived from investment properties	816,187,416
Direct operating expenses (including repairs and maintainance) generating rental income	132,891,544
Profit arising from investment properties	683,295,872

7.1) On transition to Ind AS, MSEBHCL has opted to continue with the carrying value of all Property, Plant and Equipment recognised as at 1st April 2015 measured as per previous Generally Accepted Accounting Principles (GAAP) specified in Companies(Accounting Standards) Rules 2006 notified by the Central Government and other provisions of the Companies Act 1956 and use that carrying value as the deemed cost of the property, plant and equipment.

7.2) The fixed assets appearing in the books of the Company have been transferred from erstwhile MSEB as per the FRP but has not yet been transferred in the names of MSEBHCL. However the same are considered to be owned by the Company. Depreciation for the year, has been calculated and charged to revenue account on the basis of nomenclature of overall Gross Block for each type of asset available with the company.

7.3) The exact date of asset put to use could not be obtained from erstwhile MSEB/GOM , instead the year in which the asset has been put to use has been made available.The depreciation for the first year has been calculated as if the asset has been put to use on 1st April of the relevant financial year.

7.4) On Finalisation of FRP the value of Assets have been increased by Rs. 13,967,512,030/- and Equity has been issued to the GOM against the same. The respective assets have been valued according to the valuation received from GOM and depreciation on the same has been calculated based on the remaining useful life of the assets.

7.5) Physical Verification of Assets had been conducted by the Management during the financial year 2010-11. The Company has also compiled Fixed Asset Register from the date of restructuring i.e 06-06-2005 till the end of current financial year. All records relating to Opening Balances as appearing in the Asset Register to the extent received from erstwhile MSEB had been reconciled at the time of physical verification. The asset wise details of cost of assets , its valuation as on 05-06-2005 and written down values as per the asset register have also been reconciled with the opening balances incorporated in Accounts.

7.6) Sale deed specifying the cost of Land & Building at Dharavi purchased by erstwhile MSEB in May 1981 is yet to be registered. However the Land & Building is in the possession of MSEBHCL and as per the BMC directives , interest @14% on balance amount of sale consideration Rs 9,041,427/- towards cost of Dharavi Building being paid monthly basis. The matter is sub-judice at Bomabay High Court

Standalone Notes to Accounts :

Note 8 : Investments

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade Investments		
Investment in Equity Instruments		
-Unquoted		
-Subsidiary Companies		
1. Maharashtra State Power Generation Co. Ltd. 50,000 Shares of Rs.10/- each. (P.Y. 50,000 Shares of Rs. 10 each)	500,000	500,000
2. Maharashtra State Power Generation Co. Ltd. 25,343,896,226 shares of Rs. 10 each (P.Y 25,284,076,226 shares of Rs. 10 each)	253,438,962,260	252,840,762,260
3. Maharashtra State Electricity Transmission Co. Ltd. 50,000 Shares of Rs.10/- each. (P.Y. 50,000 Shares of Rs. 10 each)	500,000	500,000
4. Maharashtra State Electricity Transmission Co. Ltd. 8,984,924,733 shares of Rs. 10 each (P.Y 8,984,924,733shares of Rs. 10 each)	89,849,247,330	89,849,247,330
5. Maharashtra State Electricity Distribution Co. Ltd. 50,000 Shares of Rs.10/- each. (P.Y. 50,000 Shares of Rs. 10 each)	500,000	500,000
6. Maharashtra State Electricity Distribution Co. Ltd. 47,723,934,904 shares of Rs. 10 each (P.Y 47,614,269,904 shares of Rs. 10 each)		
	477,239,349,040	476,142,699,040
-Other Companies		
Ratnagiri Gas & Power Private Limited442,226,131(P.Y 442,226,131) shares of Rs. 10 each)-Refer Note No. 8.6	-	-
Kokan LNG Limited 74,053,869 shares of Rs. 10 each-Refer Note No. 8.7	-	-
Subtotal (a)	**820,529,058,630**	**818,834,208,630**
Share Application Money Pending Allotment		
1. Maharashtra State Power Generation Co. Ltd.	640,000,000	-
2. Maharashtra State Electricity Transmission Co. Ltd.	-	-
3. Maharashtra State Electricity Distribution Co. Ltd.	-	-
Subtotal (b)	**640,000,000**	**-**
Total (a+b)	**821,169,058,630**	**818,834,208,630**

B - Particulars	As at 31 March, 2020	As at 31 March, 2019
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	**820,529,058,630**	**818,834,208,630**

8.1) Investments include Rs. 1,500,000/- paid to subsidiary companies Viz, MSPGCL, MSETCL & MSEDCL (Rs. 500,000/- per company)as stated in point no 1,3&5 as a contribution towards the initial equity capital, for which share certificates are issued in the name of nominees of the GOM and have yet not been transferred in the name of the Company.

8.2) The investment of the company in MSEDCL of Rs.477,239,849,040/- has been getting depreciated due to continuous losses incurred by MSEDCL. The depreciation in value of shares has not being provided for in the books. Although MSEDCL has incurred profits in the F.Y 2018-19, reserves as on 31st March 2019 are negative.The figures for 31.03.2020 have not yet been finalized.

8.3) Share Application Money of Rs.640,000,000/- (P.Y. Rs.Nil) accounted for during the year represent Investment of MSEB Holding Company Limited in Maharashtra State Power Generation Company Limited directly paid by GOM during the year 2019-2020.

8.4) Investment made by MSEB Holding Co. Ltd. in Shares of Maharashtra State Power Generation Company Ltd during F.Y.2019-2020 amounting to Rs. 59,82,00,000/-(No. of shares 59,820,000) for which amount of Rs. 598,200,000/- was directly paid by GOM to Maharashtra State Power Generation Company Limited, as per the GR issued by the GOM.

8.5) Investment made by MSEB Holding Company Limited in Shares of Maharashtra State Electricity Distribution Company Limited during F.Y.2019-2020 amounting to Rs. 1,096,650,000/-(No. of shares 109,665,000) for which amount of Rs.1,096,650,000/- was directly paid by GOM to Maharashtra State Electricity Distribution Company Limited., as per the GR issued by the GOM.

8.6) Investment in Ratnagiri Gas & Power Pvt Ltd Rs. 5,162,800,000/- (P.Y 5,162,800,000/-): RGPPL carried out an impairment study for Fixed Assetsthrough KPMG. They submitted their final report on 13.05.2017, as follows:

Scenario 1 –

	Amount in Rs
Equity Value	(33,550,000,000)
Impairment of Fixed Assets	(22,413,000,000)

Scenario 2 – Considering potential loan restructuring

	Amount in Rs.
Equity Value	7,501,000,000
Impairment of Fixed Assets	(22,413,000,000)

As on 31.03.2017 details of equity holding is as under:

Name of Shareholder	**Amount in Rs**
NTPC Limited	9,743,083,000
GAIL (India) Limited	9,743,083,000
MSEB Holding Company Limited	5,162,800,000

IDBI Bank Limited	4,816,840,720
State Bank of India	3,833,600,000
ICICI Bank Limited	3,405,100,000
Canara Bank	822,100,000
IFCI Limited	676,117,430
Total	38,202,724,150

Indicators impacting RGPPL for Impairment assessment

External Indicator – asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use. There is indication of decline in assets value as neither Power Plant nor LNG terminal are working at their installed capacity from last 10 years.

Significant decline in net worth of the company:

RGPPL has incurred losses during last few years which has resulted in erosion of net worth of the company. Net worth of the company has been reduced by 622crores and 913 crores from March 15 to March 16 and March 16 to March 17 respectively.

(Amount in Rs)

Particulars	March 31,2017	March 31,2016
Share Capital	38,203	38,203
Reserves & Surplus	-44,816	-35,680
Total	-6,613	2,523

Also as per their report the Fair Value of Equity is Rs 3,355 crores negative.

Based on above, thatthe fair value of the investment as at 1st April 2015 was consideredtobeNil.

8.7) The Demerger Scheme of Ratanagiri Gas and Power Private Limited (RGPPL) has been approved by NCLAT vide order dated 28th February, 2018 with Appointed Date as 1st January, 2016 thereby transferring the LNG undertaking from RGPPL to Konkan LNG Private Limited(KLPL).

Consequent on approval of the demerger by NCLAT and upon the Scheme becoming effective, existing issued/paid up equity share capital of MSEB Holding Company Ltd was reduced to Rs. 4,422,261,310(consisting of 442,226,131 shares of Rs. 10/- each).

Accordingly a sum of Rs. 740,538,690/-(74,053,869 Equity shares of Rs. 10/-each) was transferred to investment in KLPL.

In order to comply with provision of Ind AS 109, the fair value of investment in RGPPL was considered to be NIL on 1st April 2015. On same basis the fair value of investment in Kokan LNG Private Limited has also been taken to be Nil as on 31st March 2020.

Note:9

Other Non-Current Assets

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security Deposits		
Unsecured, Considered Good		
Loans and advances to related parties		
Unsecured, Considered Good		
MSEDCL	36,904,713,950	36,967,778,922
Other loans and advances		
Unsecured, Considered Good		
Advances receivable in cash or in kind or in value to be received	2,339,933	322,801
Less: Provision for Doubtful Advances	(2,000,000)	
Net Advances receivable	339,933	322,801
Other Deposits	244,779	244,779
Miscellaneous loans and advances	-	-
Advance Tax and Tax Deducted at Source (net of provision for tax)	1,602,393,605	1,520,434,096
Income Tax paid under Protest	**191,700,081**	**191,700,081**
Other Current Assets		
Fixed Deposits	**116,636,893**	**-**
Total	**38,816,029,241**	**38,680,480,679**

9.1) Loans and Advances to related parties– MSEDCL of Rs. 36,904,713,950/-(P.Y. Rs. 36,967,778,922/-) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 2,070,553,130,/- which are under reconciliation, discussions and deliberations.

9.2) The Company has shown advance tax of Rs. 1,602,393,605/- (P.Y Rs. 1,520,434,096) net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and Income tax Paid under Protest of Rs. 191,700,081/- previous year and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books are as per companies judgement only.

Note: 10

Trade Receivables

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Long Term Trade Receivables		
-against rentals from property		
Considered Good exceeding over six months	3,289,646,915	2,654,061,548
Considered Good not exceeding six months	428,805,046	644,985,572
Less/Add : Allowance for Expected Credit Loss	(218,031,491)	(178,894,084)
Total	**3,500,420,470**	**3,120,153,036**

10.1) The Gross debts outstanding against rentals from property due from subsidiaries amounting to Rs.3,716,865,567/-(P.Y. Rs. 3,297,664,876/-) have been long outstanding, against which ECL provision has been made upto 31.03.2020 amounting to Rs. 218,031,491/-(upto 31.03.2019 –Rs. 178,894,084).

Note: 11

Cash And Cash Equivalent

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash and Cash Equivalent		
a. Balances with banks		
In Current Accounts	746,979	705,482
In Deposit Accounts with original maturity less than 3 months	--	--
b. Cash on Hand	5,235	32,143
c.Cheques on Hand	--	--
Other bank balances		
In deposits with original maturity of more than 3 months but less than 12 months	**179,820,813**	**288,519,014**
Total	**180,573,027**	**289,256,639**

Note: 12

Other Current Assets

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Prepaid Expenses	161,860	227,322
Interest Accrued and due on fixed deposits	5,264,708	6,109,796
Total	5,426,568	6,337,118

Note: 13

Standalone Share Capital

(Amt in Rs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount	Number of shares	Amount
A) Authorised Share Capital	99,000,000,000	990,000,000,000	99,000,000,000	990,000,000,000
99,000,000,000 (P.Y 99,000,000,000) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each				
B) Issued, Subscribed & Paid up Capital				
89,109,711,502 (P.Y 88,940,226,502) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each fully paid up.	89,109,711,502	891,097,115,020	88,940,226,502	889,402,265,020
Total	**89,109,711,502**	**891,097,115,020**	**88,940,226,502**	**889,402,265,020**

a) Details of the shareholders holding more than 5% of the Capital

Name of the Shareholder	As at 31 March, 2020		As at 31 March, 2019	
	No. of shares held	% of Total Paid up Capital	No. of shares held	% of Total Paid up Capital
Gov of Maharashtra and its nominees	89,109,711,502	100%	88,940,226,502	100%
	89,109,711,502	100%	88,940,226,502	100%

b) Reconciliation of number of shares outstanding at the beginning and at the end of reporting year/period:

Name of the Shareholder	As at 31 March, 2020	As at 31 March, 2019
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	88,940,226,502	88,086,541,402
Shares issued during the year	169,485,000	853,685,100
Shares bought back during the year	0	0
Shares outstanding at the end of the year	89,109,711,502	88,940,226,502

c) Details of Issued, Subscribed & paid up capital during the year.

169,485,000 Equity shares of Rs. 10/- each were allotted on 18-06-2019

Consideration for issue of 169,485,000/- shares amounting to Rs.1,694,800,000/- was directly paid by GOM to Subsidiary company MSEDCL Rs.1,096,650,000/- and MSPGCL Rs.59,82,00,000/- as per GR issued by GOM.

d) Rights, Preferences and restrictions attaching to each class of shares

The Company has only one class of Equity Shares having par value of Rs. 10 per share.

e) Shares in respect of each class in the Company held by its Holding Company or its ultimate holding Company including shares:

Not applicable.

f) Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts.

Not applicable.

g) Aggregate number of bonus shares issued, shares issued for consideration other cash and shares bought back during the period of five years immediately preceding reporting date.

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
i) Equity Shares allotted as fully paid up Bonus Shares	NIL	NIL	NIL	NIL	NIL
ii)Equity Shares issued for consideration other than cash	NIL	NIL	NIL	NIL	76,750,709,863

h) Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

Not Applicable

i) Calls unpaid (showing aggregate value of calls unpaid by directors and officers).

Not Applicable

j) Forfeited Shares (amount originally paid up)

Not Applicable

Note: 14

Other Equity

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
(i) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(21,739,386,658)	(21,419,290,113)
Less: Prior period adjustment	-	-
Add: Profit / (Loss) for the year	192,784,502	(320,096,545)
	-	-
Closing balance	(21,546,602,156)	(21,739,386,658)
Total (A)	**(21,546,602,156)**	**(21,739,386,658)**

Share Application Money Pending Allotment

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
100% pertaining to GOM	640,000,000	-
Total (B)	640,000,000	-
Total (A+B)	**(20,906,602,156)**	**(21,739,386,658)**

14.1) Share Application received during F.Y. 2019-2020 amounting to Rs. 64 Crores, for which shares have been allotted on 14/10/2020. Share Application money have been directly paid to our subsidiary company MSPGCL as our investment for acquiring shares of the said subsidiary company.

Note: 15

Long Term Provisions

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Provision for Employee Benefits		
Provision for compensated absence	22,208,169	18,050,531
Provision for gratuity	23,228,628	19,672,388
Total	**45,436,797**	**37,722,919**

15.1) Provision for Gratuity and leave encashment has been accounted for on the basis of Actuarial valuation.

Note: 16

Deferred Tax Liability/Asset (Net)

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Deferred Tax Liabilities (A)		
Timing difference on account of WDV of Fixed Assets	18,44,505,992	2,091,389,067
Deferred Tax Assets (B)		
Employee Benefits	56,100,605	54,220,348
Unabsorbed Depreciation	714,136,046	391,781,024
Others	218,031,491	178,894,084
Total (B)	**988,268,142**	**624,895,456**
Timing Difference(A-B)	**856,237,850**	**1,466,493,611**
Deferred Tax (Assets)/Liabilities as at Year End	**238,205,370**	**407,978,523**
Deferred Tax Charged/ (Credit)to Profit and Loss	**(169,773,153)**	**407,978,523**

Note: 17

Trade Payable

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade Payable under Micro, Small and Medium Enterprises	**-**	**-**
Others	19,886,976	24,325,776
Other Liabilities	11,662,999	7,481,627
Total	**31,549,975**	**31,807,403**

17.1) **Details of Dues to Micro and Small Enterprises:**

Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Act, 2006: The Company has obtained confirmations from suppliers and service providers who have registered themselves under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the balance due to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. NIL

a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:

Sr. No.	Particulars	31.03.2020	31.03.2019
1	Principal Amount due and remaining Unpaid	Nil	Nil
2	Interest Due on above and the unpaid interest thereon	Nil	Nil
3	Interest paid	Nil	Nil
4	Payment made beyond the appointed day during the year	Nil	Nil
5	Interest due and payable for the period of delay	Nil	Nil
6	Interest accrued and remaining unpaid	Nil	Nil
7	Amount of further interest remaining due and payable in succeeding years	Nil	Nil

Note: 18

Other Current Financial Liabilities

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
EMD	1,233,809	559,080
Security Deposit	659,520	42,225
Retention Money	9,769,670	6,880,322
Total	**11,662,999**	**7,481,627**

Note: 19

Other Current Liabilities

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Current maturities of long term debts- unsecured	--	--
b) Interest accrued and due on borrowings	--	--
Interest accrued but not due on Govt Loans	--	--
Interest accrued and due on State Govt Loan/ CSPU dues coal/CSPU dues PP	**--**	**--**
c) Inter Company Payable		
MSETCL	**743,740,156**	**745,193,846**
MSEB Residual	**5,546,170**	**5,546,170**
MSPGCL	**2,230,283,618**	**2,228,948,173**
Other Payables		
Statutory Dues	**55,805,588**	**111,859,882**
Others	**845,975**	**252,449**
Total	**3,036,221,507**	**3,091,800,520**

The Company has elected to continue with the carrying amount of Inter Company Payables and use that carrying amount as their fair value.

19.1) Inter Company Payables:

i) Inter Company Payables : MSETCL of Rs. 743,740,156/- (Rs. P.Y. 745,193,846/-) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 517,638,283/- which are under reconciliation, discussions and deliberations.

ii) Inter Company Payables : MSPGCL of Rs.2,230,283,618/- (Rs. P.Y 2,228,948,173/-) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 3,162,786,353/-which are under reconciliation, discussions and deliberations.

iii) Inter Company Payables: MSEB Residual of Rs. 5,546,170/- (Rs. 5,546,170/-) consists of amount payable to the bond holders who could not be identified / traced as stated.

Note: 20

Short-Term Provisions

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Provision for Employee Benefits		
Provision for compensated absence	4,728,047	6,813,945
Provision for gratuity	5,935,761	9,683,484
Audit Fees Payable	675,000	675,000
Other Provisions	17,049,175	30,609,588
Total	**28,387,983**	**47,782,017**

Note: 21

Other Income

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Income from Rentals	816,187,416	816,187,416
Interest on Fixed Deposits with bank	21,488,379	17,346,337
Cash Discount Received	239,440	1,833,980
Rent from Staff Quarters	132,918	37,817
Interest on IT refund	-	8,502,950
Other Miscellaneous Receipts	594,371	1,001,012
Sale of Scrap	500,802	-
Excess Provision Written Back	2,446,333	-
Total	**841,589,659**	**844,909,512**

Note: 22

Employee Benefits Expenses

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Salary	57,520,006	43,352,522
Directors Remuneration	4,622,218	1,187,979
Contribution to provident fund	4,270,430	3,433,181
Total	**66,412,654**	**47,973,682**

22.1) Salary includes payment made to employees of MSPGCL, MSEDCL and MSETCL working with the Company on deputation basis.

22.2) Full time Director - Finance MrSunilPimpalkhutefor the period April 2019 to March 2020

Note: 23

Depreciation And Amortisation Expenses

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Depreciation and amortisation expense	461,199,346	462,733,902
Total	**461,199,346**	**462,733,902**

Note: 24

Other Expenses

(Amt in Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Administrative and General Expenses		
Rent, Rates & taxes	32,409,311	32,620,120
Legal & Professional Fees	11,062,536	8,922,851
Audit Fees (inclusive of GST)		
-As an auditor	750,000	750,000
-other matters	-	-
Printing & Stationery	929,773	861,117
Conveyance Expenses	48,257	105,179
Fees & Subscription	18,48,469	8,650,416
Telephone	221,746	184,279

Insurance on Fixed Assets	190,430	235,000
Repairs & Maintenance		
-Office Equipments	32,653,817	26,113,866
-Vehicles	421,183	319,682
-Building	51,950,957	58,805,512
-Furniture	2,930,067	4,492,318
Meeting Expense	324,959	383,511
Travelling Expense	494,082	465,062
Postage & Telegram	11,288	24,856
Bank Charges & Commission	12,231	119,372
Books & Periodicals	30,045	16,994
Advertisement	1,220,736	6,164,282
Vehicle Hiring Charges	10,682,351	10,163,835
Vehicle Expenses	12,68,643	1,077,950
Electricity Charges	35,435,226	34,591,431
Water Charges	6,723,900	6,519,441
Security Charges	23,478,752	22,076,251
Upkeep of Office Premises	21,405,483	20,590,754
Other Miscellaneous Expenses	6,042,809	2,181,300
Director Sitting Fees	13,000	9,000
Interest as per BMC directives	12,65,796	1,265,796
Provision for Expected Credit Loss	**39,137,407**	**877,253**
Doubtful Advance written off	**2,000,000**	**-**
Total	**284,963,255**	**248,578,427**

24.1) As per New Memorandum of Understanding dated 31/12/2018, the expenditure amounting to Rs.44,174,476/- (P.Y. 34,169,979/-) on account of Electricity Charges, Water Charges, House Keeping, Security Measures, Consultancy charges, Legal Charges, Printing & Stationery, Expenditure on Civil and Electrical Maintenance work and salaries and allowance of employees of Civil Division Bandra, Chief Engg (C) Corporate Office MSEDCL have been borne by MSEBHCL on the basis of advices received from MSEDCL Civil Circle Bandra.

Note: 25: Contingent Liabilities and commitments

a) Contingent Liabilities

(Amt in Rs.)

Nature of Dues	As at 31st March 2020	As at 31st March 2019	Period to which the amount relates
Penalty	1,416,557,002	1,416,557,002	A.Y 2006-07
Penalty	1,371,736,837	1,371,736,837	A.Y 2007-08
Penalty	1,271,079,159	1,271,079,159	A.Y 2008-09
Penalty	1,134,815,207	1,134,815,207	A.Y 2009-10
Penalty	980,338,089	980,338,089	A.Y 2010-11
Tax and Interest	158,289,441	158,289,441	A.Y 2012-13
Tax and Interest	115,898,560	115,898,560	A.Y 2013-14

25.1) Out of the penalty of Rs. 1,371,736,837/- (P.Y. Rs. 1,371,736,837/-) for the A.Y. 2007-08 Rs. 250,000,000/- have been paid under protest against which stay proceeding are pending under PCIT.

25.2) Out of the penalty of Rs. 1,134,815,207/- (P.Y. Rs. 1,134,815,207/-) for the A.Y. 2009-10 Rs. 100,000,000/- have been paid under protest against which stay proceeding are pending under PCIT.

25.3) Out of Tax and Interest of Rs. 158,289,441/-(P.Y. Rs.158,289,441/-) for the A.Y. 2012-13Rs. 75,801,521/- have been paid. Further the balance demand plus interest of Rs. 83,735,881/- has been fully paid / adjusted in the month of June, 2018.

25.4) Out of Tax and Interest of Rs. 115,898,560/-(P.Y. Rs.115,898,560/-) for the A.Y. 2013-14 Rs. 115,898,560/- have been paid.

25.5) The company has given Corporate Guarantee of amounting Rs9,600croresin the year 2018-2019 in favour of REC on behalf of MSEDCL for grant of loan.

25.6) During the year, the company has given Corporate Guarantee of amounting Rs 1,284 croresin favour of REC on behalf of MSPGCL for grant of loan.

25.7) MSEBHCL has given corporate guarantee to REC in favour of its fully owned subsidiaries, MSEDCL and MSPGCL. MSBEHCL has neither given so far nor intend to give such corporate guarantee to any entity in the open market. There is no intention of MSEBHCL of whatsoever nature, to gain commercial benefits out os such Corporate Guarantees. Further more a charge has already been created on assets of the subsidiaries companies for the loans availed by them from REC. Corporate guarantee provided by MSEBHCL is an ‘additional cover ‘ to secure their liability. Hence there is very little risk to MSBEHCL as result of which company has not charged any guarantee is charged by MSBEHCL on corporate guarantee given on behalf of its subsidiaries and therefore no pair value of such corporate guarantees given by MSBEHCL has been recognised and incorporated in the books of accounts.

25.8) Following Legal Cases are outstanding as on 31-03-2020

Details of Case	Petitioner	Respodent
Sub Division of Plot of Dharavi Office Building at Estrella Batteries compound. Case No. 1663/2004.	MSEB Holding Co. Ltd.	Estrella Batteries Ltd
Regarding vacation of 2nd floor in possession of Central Excise Dept in Dharavi Office Building at Estrella Batteries compound. Case No. RAE 533/801/2009.	MSEB Holding Co. Ltd.	Union Of India
Regarding vacation of 3rd & 4th floor portion in possession of MSEBHCL at HSBC, Fort. Case No. Appeal 213/18 TER 346/366/2001.	MSEB Holding Co. Ltd.	The Hongkong Shanghai Bank

Amount of liability that may arrive out of the above legal cases is not quantified hence no contingent liability has been disclosed.

b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for In respect of Others Rs.Nil(P.Y. Rs. Nil/-)

Note 26: Leases (IND AS 116)

In the absence of information about Lease period due to ongoing litigations with the lessors, there is reasonable uncertaintyabout the lease period as well as the future lease payments etc. of the leasehold land / premises, it is not possible to provide lease disclosure in accordance with Ind AS-116.

Note27: Employee Benefit (IND AS 19)

During the year the Company has carried out Actuarial Valuation of Gratuity and Leave Encashment. Short\Excess provision arising out of the same is charged/credited to Profit & Loss Account and Other Comprehensive Income. Disclosureas per IND AS 19 has been given to the extent available in the Report of Actuary.

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Discount	6.72%	7.40%	6.72%	7.40%
Salary Increase Rate	6.00%	6.00%	6.00%	6.00%
Withdrawal Rate	2.00%	2.00%	2.00%	2.00%
Retirement Age	58 & 60 yrs	58 & 60 yrs	**Class I, II, III-58 yrs Class IV -60 Yrs**	**Class I, II, III-58 yrs Class IV -60 Yrs**

Table 1. Total Expenses Recognised in the Statement of Profit & Loss Account

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Service cost				
a. Current Service cost	1,170,260	1,333,576	1,297,539	1,643,011
b. Past Service Cost	-	-	-	-
c. (Gain)/Loss on settlements	-	-	-	-
d. Total Service cost	1,170,260	1,333,576	1,297,539	1,643,011
Net Interest Cost				
a. Interest expense on DBO	1,814,046	2,258,489	1,587,855	2,005,535
b. Interest (income) on plan assets	-	-	-	-
c. Interest expense on effect of (asset ceiling)	-	-	-	-
e. Total net interest cost	1,814,046	2,258,489	1,587,855	2,005,535
Immediate Recognition of (Gains)/Losses- Other Long Term Benefits	-	-	3,940,395	(4,170,522)
Other expenses/adjustments	-	-	-	-
Defined Benefit cost included in P & L	2,984,306	3,592,065	6,825,789	(521,976)

Table 2: Remeasurement Effects Recognized in other Comprehensive Income (OCI)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
a. Actuarial (Gain)/Loss due to Demographic Assumption changes in DBO	(75,363)	-	-	-
b. Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	1,016,958	353,307	-	-
c. Actuarial (Gain)/Loss due to Experience on DBO	5,061,460	(2,611,784)	-	-
d. Return on Plan Assets (Greater)/Less than Discount rate	-	-	-	-
e. Changes in asset ceiling / onerous liability (excluding interest income)	-	-	-	-
f. Total Actuarial (Gain)/ Loss included in OCI	**6,003,055**	**(2,258,477)**	**-**	**-**

Table 3: Total Cost Recognised in Comprehensive Income

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Cost Recognised in P&L	2,984,306	3,592,065	6,825,789	(521,976)
Remeasurements Effects Recognised in OCI	6,003,055	(2,258,477)	-	-
Total cost Recognised in Comprehensive Income	8,987,361	1,333,568	6,825,789	(521,976)

Table 4 : Change in Defined Benefit Obligation

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Defined Benefit Obligation as of Prior Year	29,355,872	32,085,830	24,864,476	28,188,071
Service Cost				
a. Current Service cost	1,170,260	1,333,576	1,297,539	1,643,011
b. Past service cost	-	-	-	-
c. (Gain)/Loss on settlements	-	-	-	-
Interest Cost	1,814,046	2,258,489	1,587,855	2,005,535
Benefit payments from plan assets	-	-	-	-
Benefit payments directly by employer	(9,178,844)	(4,063,546)	(4,754,049)	(2,801,619)
Settlements	-	-	-	-
Participant contribution	-	-		
Acquisition/ Divestiture	-	-	-	-
Actuarial (Gain)/ Loss – Demographic Assumptions	(75,363)	-	(3,827)	-
Actuarial (Gain)/ Loss –Financial	1,016,958	353,307	1,074,295	376,526
Actuarial (Gain)/ Loss – Experience	5,061,460	(2,611,784)	2,869,927	(4,547,048)
Other Expenses/adjustments	-	-	-	-
Defined Benefit Obligation as of Current Year	29,164,389	29,355,872	26,936,216	24,864,476

Table 5 : Change in Fair Value of Plan Assets

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Fair value of plan assets at end of prior year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Employer contributions	-	-	-	-
Participant contributions				
Benefit payments from plan assets	-	-	-	-
Settlements	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Actuarial (Gain)/ Loss on Plan Assets	-	-	-	-
Fair value of plan assets at end of year	-	-	-	-

Table 6 : Net Defined Benefit Asset/ (Liability)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Defined Benefit Obligation	29,164,389	29,355,872	26,936,216	24,864,476
Fair Value of Plan Assets	-	-	-	-
(Surplus)/ Deficit	29,164,389	29,355,872	26,936,216	24,864,476
Effect of Asset Ceiling	-	-	-	-
Net Defined Benefit Liability/ (Asset)	29,164,389	29,355,872	26,936,216	24,864,476

Table 7 : Reconciliation of Amounts in Balance Sheet

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Net defined benefit liability (asset) at prior year end	29,355,872	32,085,830	24,864,476	28,188,071
Defined benefit cost included in P&L	2,984,306	3,592,065	6,825,789	(521,976)
Total remeasurements included in OCI	6,003,055	(2,258,477)	-	-
Other significant events/ One time Ind AS 19 Adjustment	-	-	-	-
Acquisition/ Divestiture	-	-	-	-

Amounts recognized due to plan combinations	-	-	-	-
Employer contributions	-	-	-	-
Direct benefit payments by Employer	(9,178,844)	(4,063,546)	(4,754,049)	(2,801,619)
Effect of changes in foreign exchange rates				
Net defined benefit liability (asset)- end of period	29,164,389	29,355,872	26,936,216	24,864,476

Table 8 : Reconciliation of Statement of Other Comprehensive Income

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
Reconciliation of Statement of Other Comprehensive Income	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Cumulative OCI- (Income)/Loss, Beginning of Period	(11,243,714)	(8,985,237)	-	-
Total remeasurements included in OCI	6,003,055	(2,258,477)	-	-
Cumulative OCI- (Income)/ Expenses,End of Period	(5,240,658)	(11,243,714)	-	-

Table 9 : Current / Non Current Liability

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Current Liability	5,935,761	9,683,484	4,728,047	6,813,945
Non-Current Liability	23,228,629	19,672,388	22,208,169	18,050,531
Non-Current asset	-	-	-	-
Total	**29,164,389**	**29,355,872**	**26,936,216**	**24,864,476**

Table 10 : Expected Future Cashflows

	Gratuity		Leave Encashment	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Year 1	5,935,761	9,683,484	4,728,047	6,813,945
Year 2	5,092,325	4,338,373	4,398,341	3,142,971
Year 3	622,178	1,716,077	573,028	1,427,154
Year 4	5,061,661	3,507,278	4,080,502	2,708,424
Year 5	3,834,849	3,911,465	3,332,196	3,333,674
Year 6 to 10	11,726,435	10,851,062	12,128,666	10,467,851

Table 11 : Components of Defined Benefit Cost for Next Year

	Gratuity (Unfunded) 01/04/2020 to 31/3/2021	Leave Encashment (Unfunded) 01/04/2020 to 31/3/2021
Service Cost		
a. Current Service Cost	1,466,915	1,621,468
b. Past service cost	-	-
c. (Gain)/ loss on settlements	-	-
d. Total Service Cost	1,466,915	1,621,468
Net interest cost		
a. Interest expense on DBO	1,760,405	1,651,251
b. Interest (income) on plan assets	-	-
c. Interest expense on effect of (asset ceiling	-	-
d. Total net interest cost	1,760,405	1,651,251
Administrative expenses and taxes	-	-
Defined benefit cost included in P&L	3,227,320	3,272,719

Plan Assets

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2019-20	2018-19	2019-20	2018-19
The weighted- average asset allocations at the year end were as follows:				
Equities	0.00 %	0.00 %	0.00 %	0.00 %
Bonds	0.00 %	0.00 %	0.00 %	0.00 %
Gilts	0.00 %	0.00 %	0.00 %	0.00 %
Pooled assets with an insurance company	0.00 %	0.00 %	0.00 %	0.00 %
Other	0.00 %	0.00 %	0.00 %	0.00 %
Total	0.00 %	0.00 %	0.00 %	0.00 %
Actual return on plan assets	-	-	-	-

Sensitivity Analysis

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
Defined Benefit Obligation	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Discount rate				
a. Discount rate - 100 basis points	30,835,106	30,621,299	28,719,951	26,228,730
a. Discount rate - 100 basis pointsimpact(%)	5.73%	4.31%	6.62%	5.49%
b. Discount rate + 100 basis points	27,698,177	28,220,433	25,390,238	23,661,436
b. Discount rate + 100 basis points impact(%)	-5.03%	-3.87%	-5.74%	-4.84%
Salary increase rate				
a. Discount rate – 100 basis points	27,675,729	28,204,938	25,366,620	23,635,646
a. Discount rate - 100 basis points impact(%)	-5.10%	-3.92%	-5.83%	-4.94%
b. Discount rate + 100 basis points	30,830,489	30,617,114	28,714,840	26,234,160
b. Discount rate + 100 basis points impact(%)	5.71%	4.30%	6.60%	5.51%

Valuation done by the actuary is relied upon.

Note 28: Segment Reporting (IND AS 108)

The company is a single-segment company with the object of holding shares in the subsidiaries on behalf of GOM. Hence additional disclosure under Indian Accounting Standard 108 is not required.

Note 29: Related Party Disclosure (IND AS 24)

a) Subsidiary Companies

Sr No.	List of related parties over which control exists	Relationship
1	Maharashtra State Electricity Distribution Co. Ltd.	Wholly owned subsidiary
2	Maharashtra State Electricity Transmission Co. Ltd.	Wholly owned subsidiary
3	Maharashtra State Power Generation Co. Ltd.	Wholly owned subsidiary
5	Aurangabad Power Company Ltd	Subsidiary of MSEDCL
6	Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL
7	MahagujColliaries Ltd	Subsidiary of MSPGCL
8	Dhopave Coastal Power Ltd	Subsidiary of MSPGCL

The above disclosure is based on representation received from the Company. In view of the exemption given in Para 25 of the Indian Accounting Standard, the company is not required to disclose transactions with its subsidiaries since they are state-controlled enterprises.

Name of related party	**Relationship**
Ratnagiri Gas and Power Pvt Ltd	Enterprise over which Key Management Personnel, Relatives of Key Management Personnel etc are able to exercise significant influence.

Name of related party	**Nature of Transaction**	
Ratnagiri Gas and Power Pvt Ltd	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	442,226,131 shares of Rs. 10/- each and net realisable value is Nil
Kokan LNG Ltd	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	74,053,869 shares of Rs. 10/- each and net realisable value is Nil

b) Key Management Personnel:

Shri Aseem Kumar Gupta	Managing Director
Mr Sunil Pimpalkhute	Director(Finance) & CFO
Mr Anup Kumar	Director (S & E)
Mr SubodhZare	Company Secretary

I. Whole time Director - Finance hasdrawn remuneration of Rs.2,388,129/- during the year.

II. Whole time Director - (S & E) has drawn remuneration of Rs.2,766,016 /- during the year.

III. Full time Company Secretary has drawn salary of Rs 1,944,036/- was paid to him during the year.

Note 30: Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are applicable to the Company. However, no expenditure had been incurred on CSR by the Company had been incurring losses.

	Year Ended 31/03/2020	**Year Ended 31/03/2019**
2% of average net profits over the last three years	(43,46,873)	(16,456,296)
Amount expended on CSR activity during the year	---	---
Pending obligations towards expenditure on CSR	--	--

Note 31: Earnings per share as per (IND AS 33)

Particulars	As at 31st March 2020	As at 31st March 2019
Profit/(Loss) after taxes Rs	192,784,502	(320,096,545)
Weighted Average Number of equity shares outstanding	89,073,492,790	88,727,015,216
Face Value of Equity Shares Rs/share	10	10
Earnings per share (basic)	0.002	(0.004)
Earnings per share (diluted)	0.002	(0.004)

Note 32: Financial Instruments – Accounting, Classification and Fair Value Measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value.

1) Fair value of cash and short term deposits, trade and other short term receivables, trade receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-terms maturities of these instruments.

2) Financial instruments with fixed and variables interest rates are evaluated by the Company based on parameters such as interest and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

The Company uses the following hierarchy for the determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Note 33: Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk as the respective reporting dates.

Foreign currency risk

The Company is not exposed to foreign currency risk at the respective reporting dates.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Companyconsiders the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as the date of initial recognition. It consists reasonable and supportive forwarding looking information such as:

1) Actual or expected significant adverse changes in business.

2) Actual or expected significant changes in the operating results of the counterparty.

3) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

4) Significant increases in credit risk on other financial instruments of the same counterparty.

5) Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt the receivable due. When recoveries are made, these are recognised in profit or loss.

No significant changes in estimation techniques or assumptions were made during the year.

Liquidity risk

Liquid risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company is not exposed to liquidity risk at the respective reporting dates.

Note 34:

Based on its initial assessment, the management does not expect any significant impact on the business of the company due to COVID- 19 pandemic. The company has evaluated the possible effects of Covid-19 on the carrying amounts of property, plant and equipmentand trade receivables on the basis of internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above and companies operating efficiency gradually improving liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.

Note 35: Figures for the previous year have been regrouped wherever necessary.

As per our report of even date

For and on Behalf of Board

For SPCM & Associates
Chartered Accountants
Firm Registration Number: 112165W

Sunil Pimpalkhute
Director Finance & CFO
(DIN: 01915725)

Aseem Kumar Gupta
Managing Director
(DIN:02607016)

CA Suhas P. Bora
Partner
Membership Number : 039765
UDIN : 20039765AAAAJP9821

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 16.12.2020

Place : Mumbai
Date : 16.12.2020

Consolidated Financial Statement 2019-2020

INDEPENDENT AUDITORS' REPORT

To the Members of MSEB HOLDING COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of MSEB HOLDING COMPANY LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and para9(2)(d) below on the non compliance of certain Indian Accounting Standards (Ind AS), and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, in our opinionthe aforesaid Consolidated Financial Statements, read together with the matters described in the 'Emphasis of Matter' paragraph and 'Key Audit Matter Paragraph', give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS")and other accounting principles generally accepted in India, of the Consolidated state of affairs (financial position) of the Group as at 31stMarch, 2020, its Consolidated Loss , Total comprehensive income(financial performance), Consolidated statement of changes in equity and its Consolidated cash flows for the year ended on that date.

2. Basis for Qualified Opinion

In Case of Holding Company (MSEBHCL):

We have not been able to obtain necessary information and explanations for the purpose of our audit in case of the followings: -

a) The company does not collect, maintain & present the details of dues to its vendors who are registered under Micro, Small and Medium Enterprises ('MSME') Development Act. 2006. Hence correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.

b) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (refer note no 8.2&28.1) and which may have impact on the financial position and certain disclosures in the financial statements.

c) MSEBHCL has given Corporate guarantees amounting to 9600 Crores and 1284 crores to Rural Electrification Corporation (REC) for loan availed by wholly owned subsidiary companiesi.e MSEDCL and MSPGCL respectively. No fair valuation of which has been done as per requirements of Ind-AS 109 and as such impact of which is not ascertainable. (refer Note No. 42(A)(a)(7)).

d) Consideration received for issue of shares during the year amounting to Rs. 1,694,850,000/- is directly paid by GOM to Subsidiary company MSEDCL Rs.1,096,650,000/- and MSPGCL Rs. 59,82,00,000/- as per GR issued by GOM, contravening the provision of Section 42 of The Companies Act 2013 (Refer note no. 18(c))

Consequential impact of Para (a to d) above on the Loss, reserves and EPS are neither quantified / quantifiable nor disclosed.

In Case of Subsidiary Company (MSEDCL)

We draw attention to the matters described in paragraphs 1 to 15 below. The effects of these matters (whether quantified or otherwise) on the Consolidated Financial Statements, individually or in aggregate, that are unidentified in some cases due to inability to obtain sufficient and appropriate audit evidence, are material.

1. Property, Plant & Equipment (PPE), Depreciation and Impairment:

a) As mentioned in Note 54(4) to the Consolidated Financial Statements, due to non-availability of proper and complete records relating to date of capitalisation of PPE and Work Completion Reports, we have come across instances of non-capitalisation and/or delayed capitalisation (which is not in accordance with requirements of Ind AS 16 'Property Plant and Equipment'), with corresponding impact on depreciation. In the absence of proper audit trail, we are unable to quantify the impact arising on account of non-capitalisation/delayed capitalization, resultant depreciation, and consequential impact, if any, on the ConsolidatedFinancial Statements for the year under audit.

b) During the year, the Holding Company has capitalised borrowing costs amounting to Rs. 239.07Lakhs (Previous Year [PY] Rs. 755.63Lakhs)as part of cost of PPE. Capitalisation of borrowing costs has been done without identifying qualifying assets, without considering the principles of allocating interest on general and specific borrowings, without considering interrupted projects, without considering opening balance of Capital Work in Progress (CWIP) and after considering the overall project costs on gross basis without eliminating the government grants and contribution made by consumers.

Further, the Holding Company has capitalised employee costs and office & administrative expenses of Rs.43,158.74 Lakhs (PY Rs. 48,309.12 Lakhs) The above expenses represent 15% of cost of additions to CWIP[Refer accounting policies on Property, Plant and Equipment as mentioned in Note 2(F)(1)(IV)]. However, the Holding Company does not have a practice of specifically identifying such expenses attributable to additions to CWIP/PPE. Capitalisation of these costs has been done without considering interrupted projects, without considering opening balance of Capital Work in Progress (CWIP) and after considering the overall project costs on gross basis without eliminating the government grants and contribution made by consumers.

Such capitalisation of interest, employee costs and office and administrative expenses is not in accordance with requirements of Ind AS 23 'Borrowing Costs' read with Ind AS 16 'Property, Plant & Equipment'. In the absence of sufficient and appropriate audit evidence, we are not in a position to comment on the correctness of the amounts capitalized, as above.

Further, employee costs, office and administrative expenses and borrowing costs have also been capitalised in earlier years on similar lines. As a result, the fixed assets are overstated by the amount capitalised and depreciation has also been overcharged. The impact of the same, however, cannot be ascertained and quantified.

c) No physical verification of fixed assets was conducted during the year by the management. As a result, the possible impact, if any, on the Consolidated Financial Statements, based on outcome of such physical verification, if it had been conducted, could not be ascertained.

d) As stated in Note 54(9), the Holding Company has carried out review of its assets with respect to economic performance. However, detailed evaluation/working as to whether any impairment is warranted has not been made available to us. In the absence of such evaluation/working, we are unable to comment about the impact, if any, arising on account of impairment, as required to be provided under Ind AS 36 'Impairment of Assets'.

e) Capital Work in Progress includes Project Stock amounting to Rs. 3,33,215.39Lakhs(PY Rs. 179,794.89 Lakhs) for which complete details as regards to movement during the year and the status as at 31st March 2020 for various projects has not been made available. In the absence of these details, we are unable to comment upon the consequential impact, if any,on the ConsolidatedFinancial Statements.

f) Capital Work in Progress [other than Project stock referred to in 1(e) above] Rs. 1,40,173.28 Lakhs (PY Rs. 1,72,036.83Lakhs) is net of negative balancesamounting to Rs. 2,573.26 Lakhs (PY Rs. 12,770.13 Lakhs) in case of certain assets. In the absence of complete details, we are unable to comment upon the consequential impact, if any, on the ConsolidatedFinancial Statements.

2. Leases:

a) As stated in Note no. 43(IV)(ii), while recognising the lease assets (Right of Use Asset) and lease liabilities, the Holding Company has excluded leases with lease rent payment of less than Rs. 10.00 Lakhs per month which is not in accordance with recognition criteria as specified in Ind AS 116 on Leases. In the absence of full details, the impact of same on the ConsolidatedFinancial Statements cannot be ascertained.

b) In the absence of availability of adequate details, disclosures as required under Ind AS 116 have not been made.

3. Expected Credit Loss (ECL) on Trade Receivables:

As stated in Note No. 54(5)(II)(i)(a) to the Consolidated Financial Statements, the Holding Company has made provision for expected credit loss under Ind AS 109 'Financial Instruments' in respect of trade receivables.In this regard attention is drawn to the following:

a) The Holding Companyhas not considered amounts aggregating to Rs.37,506.22Lakhs (PY Rs.31,451.00 Lakhs) including interest of Rs. 35,971.73 Lakhs (PY Rs.29,928.00 Lakhs)due from Global Tower Limited (GTL) franchisee.

b) The Holding Company has not considered trade receivables amounting to Rs. 2,34,920.00 Lakhs (PY Rs. 2,34,920.00 Lakhs) due from Mula-Pravara Electric Co-op. Society Limited (MPECS).

c) The Holding Company has not considered 100% ECL provision on the amount of interest (amount not ascertained) due from consumers, in whose case subsequent recognition of interest has been discontinued, following the accounting policy in respect of recognition of interest as enunciated in Note 2(20)(IV)(a)(v).

d) Attention is drawn torelating to recognition of expected credit loss on trade receivables and other financial assets.ECL has been derived based on provision matrix. However, while preparing the provision matrix, the Holding Company has not taken into account any forward looking information on the behavioural pattern of the customers.

e) Trade receivablesas shown in Note 11considered by the Holding Company while computing ECL are net of credit balances. As informed to us, the Holding Company is in the process of reconciling these credit balances inter-se.

f) Note54(5)(II)(i)(a)relating to movement in ECL during the year. Considering that substantial amount has been written off as bad debts, we are unable to comment on the basis adopted for providing ECL and adequacy thereof.

In the absence of audit trail / adequate details in respect of matters stated inparagraphs (a) to (f) above, we are not in a position to comment on the consequential impact of the same on the ConsolidatedFinancial Statements of the Holding Company for the year under audit.

4. Deferred Taxes

As stated in Note 48(III)(I)(a) of the Consolidated Financial Statements, in view of the uncertainty regarding generation of sufficient future taxable income, deferred tax assets (Net of Deferred Tax Liabilities) have not been recognised and the details thereof have been disclosed.While disclosing the amount of deferred tax not recognised as per the requirement of Ind AS 12 ‘Income Taxes’, the Holding Company has not considered deferred tax on:

a) The amount of difference between book and tax base of Freehold Land.

b) Difference arising on account of amounts recognised in books of account and amounts to be recognised in accordance with ICDS IV ‘Revenue Recognition’, ICDS V ‘Tangible Fixed Assets’and ICDS IX ‘Borrowing Costs’ (amounts not ascertained).

In the absence of adequate details, we are unable to comment upon the disclosed amount of Deferred Tax.

5. Unexplained Balances and Classification & Presentation thereof:

a) The necessary data/ details pertaining to following accounts were not made available for verification during the course of audit.

(Rs. In lakhs)

General Ledger Code	Account Description	Assets / (Liabilities)
10303008	Deposit Cons-Advance payment against energy bill	(612.12)
10303011	Misc deposit from consumer	(274.24)
10303013	Other Miscellaneous Deposits	(1,949.32)
10303015	Deposits from employees	(6.05)
10303016	Security Deposits received from collection agencies	(8,090.07)
10303017	Security Deposits Against Energy of A.G. Pump Under EGS	(567.40)
10303019	Security Deposit Payable to Consumers	(6,990.72)
10303020	Amount under Saubhagya Scheme	(0.52)
10501002	Liability for amount payable to licensees	(471.74)
10501007	SD from Vendor capital	(1,419.81)
10501008	EMD received from supplier & contractor-Capital	(646.78)
10501009	Security Deposits from vendor O&M	(11,225.31)
10501010	EMD received from supplier & contractors - O&M	(4,562.49)
10501011	Security Deposits – Others	(684.23)
10501012	Refund of amount of Non-DDF Scheme	(10,289.04)
10501014	Retention money from suppliers contractors	(2,02,972.29)
10501015	EMD received from Customer	(97.87)
10501017	SD received from Customer	(151.52)
10700501	Deposit for temporary service connections	(2,063.01)
10900605	Dishonourcheque feed to consumer	(236.02)
10902001	Liability for Supplies/ Works & Maintenance Material Vendor	(53,708.53)
10902002	Payable to FI Vendor	(1,899.66)
10902004	Payable to Service Vendor	(355.35)
10902009	Payable to Employee as Vendor	(148.85)
10902103	Liability for expenses	(62,857.99)
10902107	Liabilities towards Employee Claims	(855.18)
10902108	Deposits from Employee	(42.46)
10902111	Provision for Expenses O&M	(24,383.89)
10902112	Provision for Expenses Capital	(283.34)
10902310	Deduction from salary payable to outside party	1,044.59
10902319	Stale Cheque	(577.91)
10902320	Miscellaneous Recoveries from Staff	(24.69)
10902323	Deposits for execution for Jobs	(10.00)
11000002	Provision for liability for expenses incurred by staff	(2,385.93)
20300006	AUC Manual Entry	50,274.38
20600001	Advances to Suppliers/Contractor- Interest Bearing	5,655.08

20600002	Advances to Suppliers/Contractor- Others	32,928.45
20600103	Other Deposits	2,215.52
20600209	House Building Advance	2.60
20901022	Dues towards thef	(4,664.55)
24000006	Computer Advances	1.74
24000008	T.A. Advance	161.71
24000009	Salary Adv.	3.66
24000010	Festival advances	1,042.77
24000012	Medical Advances	374.97
24000013	L. T. C. Advances	26.98
24000017	Advances to ITI Training Fee	18.85
24100005	Interest accrued and due on staff loans	(0.27)
24100006	Interest accrued and not due on staff loans	54.71
24100007	Amount receivable from employees*	351.49
24100008	Amount receivable from ex- employees*	16.17
24100010	Amounts receivables from other State Electricity Boards*	9,277.29
24100018	Advance to prospective employees	25.07
24100023	Short remittance by collection agency & employee / Ex-employee*	669.33
24100024	Receivable from supplier contractor	307.72
20600205	Loans and Advances to Licensees*	31.34
20901513	Receivable from Scrap Customer	830.54
20600298	Provision for Doubtful loans and advances	(1,980.51)
20901510	Sundry Debtor for sale in bulk-interstate	(4,477.92)

* These balances have been fully provided in the books.

Further various general ledger codes are being used interchangeably resulting in incorrect resultant balances. In the absence of appropriate explanation/reconciliation, we are unable to comment upon accuracy of these balances.

The effect of the adjustments, if any, arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/ loss that may arise on account of non-recovery or partial recovery or write back thereof has not been ascertained.

b) The balances in various assets and liability accounts include

(i) balances carried forward since trifurcation period

(ii) balances uploaded on migration to SAP software,

for which adequate details are not available and as such we are unable to comment on such balances and the impact, if any, on the Consolidated Financial Statements.

c) Further, in absence of necessary data/ details, we are unable to comment whether the classification of assets and liabilities in to Financial and Non-Financial, grossing up of assets and liabilities and their bifurcation in to Current and Non-Current are in accordance with the requirements of Ind AS 32 ‘Financial Instruments: Presentation’ and Schedule – III to the Act.

d) Attention is drawn to Note 26 to the Consolidated Financial Statements, relating to sum of Rs. 3,468.92 Lakhs (PY Rs. 3,601.17 Lakhs) shown as provisions towards power purchase which are un-identified and included under Trade Payables – Current (Liability for purchase of power). Party-wise details of the said amount have not been provided to us for verification. As a result, we are unable to comment on the existence of the liability and consequential impact, if any, on the Consolidated Financial Statements for the year under audit.

e) The Holding Company has various Purchase Orders (PO), which have not been executed as on balance sheet date. The Holding Company has not mapped the Open Purchase Orders relating to capital items with capital commitment disclosure. In the absence of such mapping, we are unable to comment on the accuracy of the disclosure made in Note 42(D)(1)(III)towards capital and other commitments.

6. External Balance Confirmations/ Reconciliations:

a) Attention is drawn to Note 54(3) to Consolidated Financial Statements - Balances of loans and advances, various other debit/credit balances and dues from government are subject to confirmations, reconciliations and consequential adjustments thereof. The system of third-party balance confirmations followed by the Holding Company needs to be strengthened further. In the absence of proper records / details, we are unable to ascertain the effect of the adjustments, if any, arising from reconciliations and settlement of old dues, possible loss / profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.

b) Attention is drawn to Note 12 and Note 54(3) to the Consolidated Financial Statements regarding non-availability of:

(i) Balance confirmations from Post Offices

The details in respect of balances with Post Office as per books of account for which confirmations are not available are as under:

(Rs. In Lakhs)

FY	Balances with Post Office	
	Total Debit balances	**Total Credit balances**
2019-20	36,410.80	26,313.08
2018-19	28,480.38	18,936.05

(ii) Balance confirmations from DCC Bank in respect of balances amounting to Rs. 1,154.23 Lakhs. ¬Of these, balances amounting to Rs. 1,061.66 Lakhs are doubtful of recovery. No provision has been made in respect of these balances amounting to Rs. 1,061.66 Lakhs.

(iii) Reconciliation of Post Offices and District Central Co-operative Bank (DCC) accounts.

(iv) Reconciliation in respect of 34 Bank accounts with balances aggregating to Rs. 134.69 Lakhs.

(v) Confirmation in respect of 75 Bank accounts with balances aggregating to Rs. 162.42 lakhs.

In the absence of availability of balance confirmations/reconciliations, we are unable to comment on the consequential impact, if any, of the same on the Consolidated Financial Statements for the year under audit.

c) As stated in Note 45(D) to the Consolidated Financial Statements, there is a difference of Rs. 4,54,213.58 Lakhs (PY Rs. 2,70,050.00 Lakhs) in balances receivable/payable as appearing in the books of account of the Holding Company and the corresponding balances in the books of the group companies. The same are subject to confirmation and reconciliation.

In the absence of reconciliation, we are unable to comment on the impact thereof, if any, on the Consolidated Financial Statements.

7. Regulatory Deferral Accounts:

As stated in Note 54(6), during the year, the Holding Company has recognised¬ Regulatory Assets in the current year amounting to Rs. 8,44,661 Lakhs (income) [In PY 2018-2019, the Holding Company had reversed Regulatory Assets amounting Rs. 49,500 Lakhs (expenses)]¬. While computing the said Regulatory Assets, the Holding Company has not taken in to account the efficiency gain/loss arising on account of power distribution as per the MERC guidelines. As per the practice followed by the management, necessary adjustment on this account will be made when the same is approved by MERC.

8. Refund of Regulatory Liability Charges:

As stated in Note no. 54(22), during FY 2003-04 to FY 2006-07, the Holding Company had collected Regulatory Liability charges from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs (out of the amount collected) to the consumers. The Holding Company has refunded Rs. 3,12,394 Lakhs up to 31.03.2020. The Holding Company has not made provision towards the balance amount of Rs. 10,306 Lakhs (PY Rs. 10,483 Lakhs) refundable to the consumers.

9. Government Grants and Consumer Contributions:

a) As per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance', government grant for capital assets is recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortises the related costs of such capital asset. The Holding Company assumes that all grants received are utilised and the assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence with regard to utilization of grants, we are unable to comment on the consequential impact on the Consolidated Financial Statements.

b) Consumer contribution for capital assets is recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortises the related costs of such capital assets. The Holding Company assumes that all contributions received are utilised and the related assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence with regard to utilization of consumer contribution, we are unable to comment on the consequential impact on the Consolidated Financial Statements.

10. The contingent liabilities as disclosed in Note No. 42(D) ¬is based on information as provided and confirmed by the management. In the absence of adequate documentation by the Holding Company and adequate audit trail, we are unable to comment on the completeness of the disclosure of the contingent liabilities.

11. Finance Costs:

a) Attention is drawn to Note 42(D)(1)(I)(iii)(C)(a) relating to accounting in respect of Delayed Payment Surcharge (DPS). There is a variation in the method of computing interest as adopted by the Holding Company and as adopted by Maharashtra State Power Generation Corporation Limited (MSPGCL). The Holding Company has accounted for Delayed Payment Surcharge by apportioning the payments made towards principal outstanding as against apportionment towards interest by MSPGCL. As a result, for the year, there is short provision of DPS amounting to Rs. 1,96,293 Lakhs (PY Rs. 1,70,036 lakhs) in respect to MSPGCL. The accumulated short provision relating to MSPGCL till 31st March 2020 is Rs. 6,80,617.00 lakhs (PY Rs. 4,84,324.00 Lakhs).

b) Attention is drawn to Note 42(D)(1)(I)(iii)(C)(b))in respect of DPS relating to Maharashtra State Electricity Transmission Company Limited (MSETCL) on amount of principal due as at 31st July 2015 being claimed by MSETCL despite direction for waiver by MSEB Holding Company. The total amount claimed and not accounted by the Holding Company as at 31st March 2020 is Rs. 79,364 Lakhs (PY Rs. 63,368.00 Lakhs). Further, full details in respect of DPS relating to MSETCL for the year have not been made available. In the absence of adequate details, we are unable to comment on the amount of shortfall in the DPS provision for the year and accumulated provision till 31st March 2020 relating to MSETCL.

c) Refer Note 42(D)(1)(I)(iii)(C)(b)) to the Consolidated Financial Statements. The Holding Company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate/Marginal Cost of Fund-Base Lending Rate (MCLR) rate plus 2% instead of SBI Prime Lending Rate plus 2% as specified in the Power Purchase Agreements resulting in short provision of Rs. 1,83,642.00 lakhs for the year 2019-20 (PY Rs. 56,091.58 Lakhs). The accumulated short provision as at 31st March 2020 is Rs. 2,84,428.00 Lakhs (PY Rs. 1,00,786.45 Lakhs).

12. Employee Benefit Expenses:

The Holding Company is giving various allowances such as Orderly allowance, Professional Pursuit Allowance, Entertainment Allowance and Book Allowance to its employees. Arrears paid on these allowances were not subjected to Tax Deducted at Source (TDS). Further, Orderly Allowance paid during the year has not been subjected to TDS. We are unable to comment on the ¬additional tax liability, if any, arising due to such non-compliance.

13. Non provision of various expenses:

a) As mentioned in Note 42(D)(1)(I)(iii)(B)(a) to the Consolidated Financial Statements, the Holding Company has not provided for the liability towards compensation for incremental coal cost pass through pursuant to New Coal Distribution Policy (NCDP) payable to Adani Power Maharashtra Limited (APML) amounting to approx. Rs. 1,80,700 Lakhs (including carrying cost of Rs. 38,600 Lakhs) (PY Rs. 1,80,700 ¬ Lakhs).

b) As mentioned in Note 42(D)(1)(I)(iii)(A)(c) to the Consolidated Financial Statements, the Holding Company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Private Limited (RGGPL) amounting to Rs. 4,22,856 Lakhs (PY Rs. 3,51,004 Lakhs). Sum of Rs. 18,101 Lakhs (PY Rs. 18,101 Lakhs) paid to RGPPL has been shown as advances.

c) As mentioned in Note 54(8)(b) to the Consolidated Financial Statements, the Holding Company has not made provision of Rs. 5,096 Lakhs for amount payable to distribution franchisee, Spanco Nagpur Discom Limited on termination.

14. Other Items:

a) As stated in Note 54(21) to Consolidated Financial Statements, every year the Holding Company is required to invest in specified securities an amount equivalent to contingency reserve created during the preceding year as specified in the Maharashtra Electricity Regulatory Commission (MERC) Guidelines. The Holding Company has invested Rs. 12,819.38 Lakhs in earmarked investments during the year. The total amount invested in earmarked investments as at 31st March, 2020 is Rs. 31,369.82 Lakhs (PY Rs. 18,572.55 Lakhs) as against the contingency reserve of Rs. 1,09,976 Lakhs till 31st March 2020 (PY Rs. 95,700.00 Lakhs).

b) The Holding Company has shown a sum of Rs. 2,04,802.10 Lakhs (PY

Rs. 1,22,153.35 Lakhs) and Rs. 53,708.53 Lakhs (PY Rs. 70,207.98 Lakhs) as liabilities towards Clearing Goods Receipt Invoice Receipt (GRIR) and Liability for supplier Work & Maintenance respectively. These balances are net of debit balances. In the absence of requisite data and audit trail, we are not in position to ascertain the impact on the Assets and Liabilities of the Holding Company.

c) Attention is drawn to Note 54(10) to the Consolidated Financial Statements regarding non-identification of creditors as to their status under Micro, Small and Medium Scale Enterprises (MSME) Act and provision for interest payable to such parties. The liability on this account, if any, has not been quantified by the Holding Company. As such, we are unable to ascertain the interest provision (if any) required and its consequential impact on the profit for the year under audit. Due to non-identification of MSMED parties, the disclosures, as required by the relevant Statute have not been made by the Holding Company.

d) On the basis of checks carried out by us during the course of our audit certain system/ control issues related to negative values in Opening balance, additions, closing balance, computation of depreciation, were observed resulting into incorrect values of Property, Plant and Equipment. ¬In the absence of any systems audit being conducted by the Holding Company, we are unable to comment on existence of other system related deficiencies, if any. Impact of the same is not ascertainable.

e) There is a difference in balance of security deposit from consumers as per books of account and IT database as mentioned below [Refer Note No. 52(5)(II)(i)(a)(c)]

(Rs. In Lakhs)

Particulars	Balance as on 31.03.2020 as per books of account (A)	Balance as on 31.03.2020 as per IT Database (B)	Differences (A) - (B)
Security deposits	8,10,679.84	8,08,783.09	1,896.75

The Holding Company is in the process of reconciling the said differences.

f) The Holding Company has availed a loan (sanctioned amount Rs. 8,50,000 Lakhs – amount outstanding as at 31st March 2020 Rs. 7,51,250 Lakhs (PY Rs. 8,08,125.00 Lakhs)) from Rural Electrification Corporation Limited (RECL). The said loan is guaranteed by the Maharashtra State Electricity Board Holding Company Limited (Ultimate Holding Company) for which no amount has been charged by the Ultimate Holding Company. The financial guarantee has, however, not been fair valued as required under Ind AS 109. As a result, the profit for the year is higher by Rs. 8,728.61 Lakhs and the accumulated balance in retained earnings is higher by Rs. 14,637.47 Lakhs as at31st March 2020.

15. Various qualifications listed in paragraphs 1 to 15 above will have a consequential impact on provision for Income Tax, Regulatory Assets and Deferred Tax. Impact of the same is not ascertainable. Further, the various qualifications above have not been taken into account while arriving at the materiality threshold for the purpose of restatement of accounts as per requirement of Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Our report for the preceding year was also modified in relation to paragraph no. 1(a to d), 2(b), 3(a), 3(c to e), 4(b), 5(a to e), 6(a to d), 7(a to b), 8, 9(a), 10, 11(a), 11(c), 12, 13(a to b), 14(b to e).

The effects of the matters described above, which could be reasonably determined/ quantified, on the elements of the accompanying Consolidated Financial Statements are tabulated as under:-

Impact on Statement of Consolidated Profit & Loss

(Rs. in Lakhs)

Sr. No	Relevant paragraph	Particulars	FY 2019-20
			Overstated/ (Understated)
1	11(a)	Delayed Payment charges	1,96,293
2	11(c)	Power purchase - Delayed payment charges	1,83,642
3	13(b)	Non provision of expenses - fixed charges	71,852
4	13(c)	Non provision of expenses- DF liability	5,096
5	14(f)	Non Provision of Corporate Guarantee	8,728.61
		Total	**4,65,612**

Impact on Consolidated Balance Sheet

(Rs. in Lakhs)

Sr. No	Relevant paragraph	Particulars	FY 2019-20
			Overstated/ (Understated)
1	8	Current financial liabilities – Regulatory Liabilities	(10,306)
2	11(a)	Delayed Payment charges-Trade Payable	(6,80,617)
3	11(c)	Current financial liabilities – DPC- short provision	(1,80,700)
4	13(a)	Non provision of expenses - Coal pass through	(4,22,856)
5	13(b)	Non provision of expenses – Fixed charges	(10,306)
6	14 (e)	Security deposits from Consumers	1,897
7	14(f)	Other Equity -Corporate Guarantee	(14,637)
8		Retained Earning	13,17,525

In case of Subsidiary Company (MSPGCL):

1. The Company has recognized Revenue on account of interest by way of Delayed Payment Surcharge (DPS) to be billed to MSEDCL, for the current financial year, amounting to Rs. 2544.30 Crores. (Accumulated Rs. 12350.59 Crores till 31st March, 2020) as per the past consistent methodology adopted by the Company for working of the DPS amount. The DPS amount as billed till 31st March, 2020 may not be fully realizable and is doubtful of recovery as MSEDCL has disputed the same. MSEDCL, vide its letter dated 28.08.2019,has communicated that, MSEDCL has unilaterally adopted a different methodology during 2018-19 for working out DPS amount and as a result there is a vast difference in DPS amount as billed by Mahagenco and what is worked out as per MSEDCL methodology. Till 31st March, 2019 such excess billing by Mahagenco as per MSEDCL worked out to Rs. 4843.23 Crores. For the year 2019-20, the same is not ascertained till date as DPS for the year 2019-20 is `accounted for as 'Unbilled Revenue". Pending final outcome and resolving of the revived dispute with MSEDCL for appropriate DPS amount, no provision has been made against the doubtful recoverable DPS amount which is still to be crystallized and be acceptable to both MSEDCL and the Company. (Refer Note No.50(12) to FS)

2. Attention is invited, in particular, to balance recoverable from Maharashtra State Electricity Distribution Company Limited (MSEDCL) for electricity supplied as per Power Purchase Agreement, of Rs.17820.36 Crores, balance recoverable from Maharashtra State Electricity Transmission Company Limited (MSETCL) of Rs. 128.83 Crores are subject to confirmation and reconciliation. However, we are informed that the Company has sent letters asking for confirmation but replies are not received by the Company. In the absence of sufficient and appropriate audit evidence, we are unable to opine on the consequential impact, if any, on the status of these balances and the loss for the year of the Company.

3. The balances of Coal Companies are subject to confirmation from respective coal companies and reconciliation. Majority of the balance pertains to old outstanding unadjusted balances since past few years. In our opinion, the company does not have a reconciliation based on General Ledger balances. In absence of the same we are unable to comment on consequential impact on the financial statements of the Company. The details of Coal Company-wise outstanding advances are as under:

(Rs. in Crores)

Name of Supplier	Balance as per MSPGCL books as at 31st March, 2020
Singareni Collieries Co Ltd	172.31 Cr
South Eastern Coalfield Ltd (SECL)	260.92 Dr.
Western Coalfields Limited – WCL	91.82 Cr.
Mahanadi Coalfields Limited	5.56 Cr.
Total	**8.77 Cr.**

Pending such confirmation and completion of reconciliation and proper posting of debit notes issued by the coal companies, no provision has been made for the performance incentive bills / short lifting of coal. Impact is unascertained since the Company has disputed these claims and also has lodged certain counter claims against coal companies. In view of the same, we are unable to comment on consequential impact on the financial statements of the Company.

4. The balances of Railway companies are subject to confirmation and reconciliation. Majority of the balance pertains to old outstanding unadjusted balances since past few years, which is highlighted as under:

Name of Supplier	Balance as per MSPGCL books as at 31st March, 2020
South Central Railways (Account 30000)	22.15 Dr.
South East Central Railways (Account 30001)	113.96 Dr.
Central Railways (Account 43000)	35.63 Dr.
Total	**171.74 Dr.**

Pending such confirmation and completion of reconciliation, the consequential adjustments in financial books could not be made. In view of the same, we are unable to comment on the consequential impact on Financial Statements of the Company.

5. The balances of trade receivables, loans and advances, deposits and trade payables are subject to confirmation from respective parties and/or reconciliation as the case may be. Pending such confirmation and reconciliation, the consequential adjustments are not made. However, we are informed that the Company has sent letters asking for confirmation to its vendors and wherever such confirmations are received the same is getting reconciled and we are informed that such reconciliation is a continuous and an on-going process for the Company. In the absence of sufficient and appropriate audit evidence, we are unable to opine on the consequential impact, if any, on the status of these balances and the loss for the year of the Company.

In case of Subsidiary Company MSETCL

1. The following items form the basis for our modified opinion:

1.1 Attention is invited to note no. 53(13) of Consolidated Ind AS Financial Statement giving details about accumulated Delayed Payment Charges ('DPC') as at 31st March 2020 amounting to Rs. 85,499 Lakhs (with reference to 8 distribution licensees) relating to Financial Year 2015-16 under the head 'Other Income'. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity

Regulatory Commission ('MERC'), wherein MERC had reduced the Aggregate Revenue Requirement ("ARR") of the Company for F.Y. 2015-16 by the said amount, and classifying it as 'Non-Tariff Income'. Data/ details pertaining to the certainty over the realisability of such income (i.e. Trade Receivable) are not available with the Company. The accounting of such DPC as 'Other Income' in FY 2015-16 is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No. 2(11)(III) states that "Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain". Had the Company not recognized such income of Rs. 85,499 Lakhs in the said earlier year, its balance of the retained earnings in the Statement of Profit & Loss and balance of Trade Receivable Account would have been lesser to that extent.

1.2 In terms of Provisions of section 143(12) of the Act, reporting of fraudulent practice noted in course of our audit, was made to the Central Government (CG), Secretary, Ministry of Corporate Affairs on April 24, 2020 pertaining to excessive claims getting reimbursed towards leave encashment of several employees being in non-compliance of Company's laid down policy. The controls pertaining to processing and payment of such claims were not observed to be appropriate, including the records like 'Service Book' of employee remaining blank for years, the estimated impact of such excessive claims being in addition to Rupees One Crore, reporting to CG was made. Impact for reversal, writeback of such excess paid/ provided is not yet ascertained.

1.3 The Company's system/ processes to ascertain provision towards leave encashment, based on actuarial valuation needs to be strengthened, as the data of leaves and gratuity generated from the system and furnished to the actuary for valuation, was observed to be inaccurate. Accordingly, we are unable to comment upon the adequacy or otherwise of the actuarial valuation made in respect of leave encashment and gratuity valuations in the books of accounts, amount whereof has not been ascertained.

1.4 Party- wise break up of trade receivables with ageing is not readily available from the system. The details of ageing of Trade receivables prepared manually contained several inaccuracies. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on simplified version of Expected Credit Loss ("ECL") Method.

1.4.1 Further, details/ breakup/ confirmations of Trade receivables aggregating to Rs.2,73,028.22 Lakhs, sought for, were not made available for verification during the course of audit. Consequential impact of ascertainment of the realizability from these Trade Receivable and resultant provision, if any, for bad and doubtful debts on the Consolidated Ind AS financial statements has not been ascertained. Based on selective checking of available data/ information from the system and from State Transmission Utility ("STU") invoicing cell, it was noticed that trade receivables from several parties totalling Rs13,954.33 Lakhs are considered doubtful of recovery but not provided for.

1.4.2. Further, differences were noted amounting to Rs.12,823.08 Lakhs in trade receivables as per SAP System and as per statement furnished by the STU of the invoices raised. In absence of complete data/ details, explanations of such differences, the combined impact thereof could not be ascertained.

1.5 In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting

Standards", the Company had availed option of Cost model of accounting for its Property, Plants and Equipment's ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted. Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in dates of capitalization, critical spare items capitalization, etc. In absence of complete data/ details of such instances out of numerous line items of PPE, the combined impact of such erroneous depreciation is not ascertained.

1.5.1 Moreover, deferred tax liability amounting to Rs.7,549.17 Lakhs under the head PPE recognized, could not be satisfactorily explained in course of audit.

1.5.2 The Company has not maintained adequate details pertaining to items/ components giving rise to deferred tax assets/ Liability (DTA/ DTL). In absence whereof the recognition and disclosure of the DTA/ DTL not being complete and correct, the impact thereof on Statement of Profit & Loss for the year is not ascertained.

1.5.3 Without prejudicial the generality above, based on the scrutiny of available details of Asset register (ar01) during the course of our audit, the following discrepancies were also noticed:

a. Several items of fixed assets whose useful life has fully exhausted totallingRs.28,768.64 Lakhs (Gross Book Value), Rs.21,027.95 Lakhs (Accumulated Depreciation) and having net book value of Rs.7,740.68 Lakhs, are part of said register, resulting in overstatement of the value of PPE to that extent.

b. Depreciation is being charged on assets whose useful life is fully exhausted having estimated impact of Rs.2,672.00 Lakhs on Statement of Profit & Loss.

1.6 Based on the scrutiny of available details of free hold land, it was noticed that in the past, several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/ details of such instances, the impact thereof on Consolidated Ind AS financial statements is not ascertained.

1.7 It is noticed during the course of audit that 66KV substations/ transmission lines having Gross Book Value amounting to Rs.17,846.08 Lakhs and accumulated depreciation Rs.12,260.47 Lakhs as at 31st March 2020 are not in use for the operations of the Company. Pending testing for impairment of the same, we are unable to comment upon the carrying value of such assets in the books of accounts.

1.8 It is observed from the SAP generated report (4.4 - Capex report) by the Company, Negative capital expenditure is charged to (reduce from) some schemes amounting to Rs.6,391.00 Lakhs for which no plausible explanation could be provided. To that extent Asset Under Construction (AUC)/ Capital Work in Progress (CWIP) in the Balance Sheet is understated. Further, there is no movement in some AUC line items since last more than two years, indications of impairment if any have not been tested by the Company for making appropriate provisions, impact thereof on the Consolidated

Ind AS financial statements cannot be commented upon.

1.9 From April 1, 2019, the new accounting standard i.e. Ind AS 116 "Leases" became effective. The Company has adopted the new standard with modified approach and recognized asset in the form of 'Right to Use' (representing its right to use the leased asset over the lease term) and also liability towards present value of the balance of future lease payments for the leases. However, due to non-availability of lease documents and other records relating to several properties taken under lease, the Company is not able to identify and recognise the Right to use of said leases, hence no treatment was given in terms of provisions of Ind AS 116 for such leased assets. Impact thereof on the Consolidated Ind AS financial statements has not been ascertained.

1.10 The policy about inventory valuation of the Company (Note No 2(6)(II)) states that inventories are valued at lower of cost or net realizable value ('NRV') but in course of our audit it is noticed that the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Consolidated Ind AS financial statements is not ascertained.

1.11 No inventory or data/ details/ description could be furnished for verification for the "Assets not in use – held for sale" (GL code 222010) amounting to Rs.3,615.43 Lakhs; moreover, such assets are held at their carrying value instead of "lower of carrying value or net realizable value".The impact, if any, thereof on Consolidated Ind AS financial statements has not been ascertained.

1.12 The government Grants received by the Company amounting to Rs.23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which Rs.16,256.10 Lakhs are deferred for recognition as revenue as at March 31, 2020. The details of these grants with specific assets there against and conditions to be satisfied for the same are not made available for our verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance "cannot be commented upon.

1.13 The Company does not collect, maintain and present the details of dues to its vendors registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence, correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.

1.14 The prior period items of Income and expenses have been disclosed by the Company in Note No.53(16) but the same have not been restated/ recasted in the respective previous years as mandatorily required under Ind AS 8," Accounting Policies, Changes in Accounting Estimates and Errors".

1.15 Pursuant to Central Electricity Regulatory Commission ('CERC') order dated 19th December 2017 pertaining to FY 2014-15, the company has recognised an amount of Rs.599 Lakhs as income during the year as against receipt of Rs.10,789.41 lakhs, which until previous financial year was accrued fully as income. Impact of the said order for earlier period remains to be given in the accounts, as a result of which, Surplus in Statement of Profit and Loss would be lower, and Advance from Customer would be higher by amount which has not been ascertained.

1.16 The deposits from customers towards Outright Contracts ('ORC') amounted to

Rs.1,13,432.38 Lakhs as at 31st March 2020. The company recognises its supervision charges upfront as income on receipt of deposits and not as and when supervision services are provided, which is contrary to the provisions of Ind AS 115 “Revenue from Contracts with Customers”.

1.17 The basis, quantum and completeness cannot be ascertained in the absence of required data/ details relating to the following income recognised during the year.

Sr No	Nature of Transaction	Amount Involved (Rs. In Lakhs)
1	Partial Open Access	7,615.94
2	Long-Term Open Access	1,522.92
3	Open access/ NOC Application processing fees	143.7
4	Additional Transmission Charges	4,635.44
5	Short-Term Open Access Charges	1,287.81

1.18 During the year Company has revised its Pay scale to employees w.e.f. April 01, 2018, and same was approved by the Board of Directors of the Company post facto and it was decided to pay in 3 installments out of which first installment was paid and remaining two installments were pending to be paid as at March 31, 2020. Hence provision for the same was made amounting to Rs.12,899.69 Lakhs for which details were not made available for verification. In the absence of required data/ details thereof, the basis, quantum and completeness of such provision made during the year could not be verified nor commented upon.

1.19 Attention is invited to accounting Policy note no. 2(10)(II)(c) of Consolidated Ind AS Financial Statement on “Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)”. As informed during the course of audit, there is specific policy on ORC assets/ Liabilities and income thereon, but the same was not observed to have been followed by the Company, impact of which could not be ascertained in absence of relevant data/ details.

1.20 Attention is invited to note no. 42(C) of Consolidated Ind AS Financial Statement giving details about “Contingent Liabilities and Contingent assets”, full details as required under the statute are not accurately maintained. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on details available with the Company.

1.21 The amounts remaining and recognized in the following GL heads/ codes are subject to confirmation and reconciliation. The necessary data/ details pertaining to following were not made available duringthe course of audit for verification:

GL Code	Name of Account heads	2019-2020
		Rs. In Lakhs
		Asset/Exp, (-Liability/-income)
100050	Grants towards cost of Capital Assets	-16,256.10
123030	Security Deposits	-6,024.71

123040	Security deposits of jobs/works	-11,253.61
123050	Earnest Money	-820.66
123060	Retention money of Vendor	-71,869.36
123060	Risk & Cost Adjust	-3287.72
123070	Misc. Deposits – Vend	-16.62
123090	Advances from Customer	-7,107.41
123100	Other Deposits from Consumers- O. R. C. Deposits	-1,13,432.38
123110	Retentation GL for liquidity charges from vendor	-13,682.93
130010	GR / IR CLEARING Account	-6,950.50
130020	EMD Dummy entry	-417.60
131010	Sundry Creditors Payable Domestic (other than SME)	-26,402.75
132010	Sundry Creditors FI Vendor	-12.10
133010	Sundry Creditors - Inter Company	-3,528.44
134010	Sundry Creditors Employees	-57.40
140030	Liability for Medical expenses	-0.33
140060	Misc.deposits from Employee	-40.91
140110	Regular CPF Recovery from Employee	-0.04
140250	Medi-claim Top up Premium	-30.26
140251	Medi-Claim Compulsory Premium through Salary	442.05
140252	Employee ACCIDENT Insurance	1.02
141040	MSEB CPF-Shortfall in fair value of Planned Assets	-3,593.92
144010	STATE SALES TAX PAYABLE	0.06
146010	Deduction of LabourCessAmt	-236.15
150010	Provision for Capital Works	-12,310.78
150020	Provision for O&M works	-23.81
150030	Provision for Expenses - Others	-3,375.12
150040	Provision for Expenses – Employees	-3,980.12
150050	Provision for Pay Revision	-12,899.69
150060	Provision for Interest - Contractors Deposits	-0.09
150070	Provision for loss pending investigation	-711.02
150110	Provision for Corporate Social Responsibility	-7,483.15
150130	Provision for Int on Late Payment of Service	-264.43
150140	Provision for Tree/Crop/Land Comp	-677.79
160010	Liability towards staff welfare Fund withBoar	-528.34
160020	Board of Trustees P.F. & Final Settlement	-1,780.76
165010	Stale Cheques	-302.72
219701	ACC Dep not in use	-10,437.48

222010	Assets Not in Use	14,053.31
223010	Loss to Fixed Assets pending Investigation	-0.40
223030	Expen. on Survey/FStudy for Not sanctioned pr	433.07
223040	Pre-Op Exps for land acq. on Unsanctioned Sch	153.88
230040	AUC Cost of Land Devp.OnLeaseholdLand -Volt.F100KV	36.71
230050	AUC Cost of Land Dev.OnLeaseholdLand -Volt. G132KV	479.36
230060	AUC Cost of Land Dev.OnLeaseholdLand -Volt. H220KV	591.36
232010	Auc Other Bldgs-Office, Qrts, Training Centre	999.08
237010	AUC Others	18,093.88
237020	AUC LE	3,511.20
237030	AUC ORC	5,573.90
237040	AUC SOFTWARE DEVELOPMENT	34.35
237060	CWIP (Govt. Grant Impact)	2,318.87
237061	CWIP (Inventory Impact)	998.75
255010	Material pending investigation	1.11
255020	Loss due to Material pending investigation	200.11
255040	MASA Stock (Physical Verification of Inventor	-114.44
256010	Obsolete materials stock (including scrap)	509.80
260010	STU Sundry debtors for Trans. Charges	3.51
260011	Sund.Drs -Trans Chgs	1,71,614.68
260030	STU Sundry Debtors for STOA / SLDC Charges	-1.08
260031	STU Sundry Debtors for STOA / SLDC Charges	1,031.71
260040	Sundry Debtors – Others	83,897.16
260060	Sundry Debtors - Inter Unit Account	2,100.52
290010	Advances to Contractors /Suppliers - O&M	1,059.25
290020	Capital Advance for Projects	541.29
292050	Loans & Advances to Staff -- Computer Advance	138.10
292120	Advance against Gratuity to Staff	4.82
293050	Miscellaneous Loans & Advances	207.27
294030	Income Accrued but not Due on Staff Loans &	36.75
295010	Amount Recoverable from Employee	4.02
295020	Amount Recoverable from EX-Employee	0.75
295030	TR Fee Pd To ITI To Be Recov from Dep of Dece	-2.56
296030	Misc.Amtrecefrom SEB Govt.Depts. Local&PvtBodi	2,379.40
296050	Exprecov from Suppliers	91.75
296060	Exp.RecovfromContractors	170.31

296061	Current Amortised Transaction Cost	11,613.59
297020	Other Deposits	3,626.59
297050	FDR as Security Depo	5.87
310010	Interest from Staff loans and advances	-10.29
380040	Other Miscellaneous Receipts (GST taxable)	-3,848.82
380041	Other Miscellaneous Receipts (Non GST)	-1,805.32
380120	Government Grant Income	-966.31
400050	Material Consumption – Project	-7,015.57
424010	MSETCL's Contribution to Employees Provident	7,370.31
430100	IT & Communication related Exp	714.78
453010	Intangible assets Written-off	120.89
470030	Interest on Public Bond	-0.03
500022	CPF Section Account	-0.07

The effect of the adjustments arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/loss that may arise on account of non-recovery or partial recovery or write-back thereof is not ascertained. Further, in absence of necessary data/details, the bifurcation of items of assets/liabilities under 'Current' or 'Non-current' head could not be accurately verified.

We conducted our auditof Consolidated Financial Statements in accordance with the Standards on Auditing (SA's)specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the

ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidate Ind AS financial statements.

In Case of Subsidiary Company (MSEDCL)

Material Uncertainty related to Going Concern

As stated in Note 54(1), the accumulated losses of the Group as at 31st March, 2020 are

Rs. 26,17,651.14 Lakhs (PY Rs. 26,38,424.33Lakhs) which exceeds 50% of the net worth of the Group. The current liabilities as at 31st March 2020 are in excess of its current assets. Considering the fact that Government of Maharashtra is expected to infuse additional equity funds, as and when required, the ConsolidatedFinancial Statements have been drawn up on going concern basis. We have relied on the management assessment and our audit report is not modified in this regard.

The subsidiary has negative net worth, negative operating cash flows and has suffered losses in current year and earlier years. These events indicate the existence of a material uncertainty that may cast significant doubt on the subsidiary's ability to continue as a going concern, and therefore it may be unable to discharge its liabilities in full in the ordinary course of business/activities.

3. Emphasis of Matter

In Case of Holding Company (MSEBHCL)

We draw attention to the following matters in the Notes to the financial statements:

3.1) As stated in Note 47(a) of Consolidated Financial Statements, the Elimination of Related party transactions of profit and Loss items is done to the extent possible by using the data made available from other internal sources, Since ‘Ind-AS 24, para 25’ gives exemption to Government Company/State controlled enterprise to disclose transactions with its related party in its standalone financial statements. Therefore, the exact impact of the same on the Consolidated Financial statements due to non-elimination of Income / Expenditure items among the group companies cannot be ascertained.

3.2) As stated in Note 47(b) of Consolidated Financial Statements regarding Elimination of Intra Group Balances, The balances of Trade Receivables, Trade Payables, Loans, Borrowings etc. after elimination of Intra-group balances w.r.t to transactions between the subsidiaries, are Overstated/Understated in Consolidated financial statements, since intra group balance elimination is done by the management for the amount of Income/ Expenses recorded by the Subsidiary Company’s, irrespective of the closing balance to Trade receivables/Trade payables as at 31.03.2020 among the Intra Group Companies. In the absence of requisite data to do the Elimination for correct amounts, we are not in position to ascertain the impact on the Assets and Liabilities of the Group.

3.3) Refer Note No. 8.1 where the company has shown advance tax of Rs. 1,602,393,605/- net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and Amount paid under protest Rs. 191,700,081/-. There is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company’s judgment only and the amount shown as recoverable is subject to reconciliations and confirmations.

3.4) Refer Note No. 51.7 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 3,716,865,567/- (P.Y.Rs. 3,297,664,876/-) have been long outstanding. Provision for Expected Credit Loss as per IND AS 109 has been duly made in the books.

3.5) It has been observed that the Gratuity and leave encashment provision in books contains the provision of employees of civil unit and the same is taken in books is from the date of their joining instead from the day they are deputed in MSEBHCL i.e. from F.Y. 2013-14.

3.6) Refer Note No.43(I), where the company has reported that due to the reasonable uncertainty on the lease period on account of ongoing disputes on the assets taken on lease, the Company has not recognised the “Right of Use Assets” (ROU) and a corresponding lease liability for all the lease arrangements in which it is a lessee.

3.7) We draw attention to Note No. 51.8 to the accompanying Consolidated IndAS Financial Statements which explains uncertainties and the Management’s evaluation of the financial impact on the company due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.

Our report is not qualified in respect of above matters.

In Case of Subsidiary Company (MSEDCL)

Attention is invited to the following matters:

1. As stated in Note 13 to the Consolidated Financial Statements, the Holding Company has made provision of Rs. 1,069.43 Lakhs (PY Rs. 2,551.43 Lakhs) for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable on balances outstanding as on transition date i.e. 01.04.2015 on account of impracticability instead of its origination date.

2. As stated in Note 54(27) the Holding Company has computed ECL in the current year based on a combined rate taking into consideration credit loss and time loss as compared to separate rates for each of them in the previous year. Due to this change, profit for the year is higher by Rs. 1,94,342 Lakhs.

3. Attention is drawn to Note 42(D) with regards to the Contingent Liabilities, which are significant in relation to the net worth of the Holding Company at the year end.

4. Attention is drawn to Note 52(D)(1)(I)(v) the Holding Company has been supplying electricity in the areas previously being serviced by MulaPravara Electric Co-operative Society (MPECS) and has been using its infrastructure for the said purpose. The matter relating to payment of user charges is under dispute. Pending resolution of the dispute and in the absence of necessary contract, assessment as to applicability of Ind AS 116 has not been made.

5. Attention is invited to Note 54(33) on Group's assessment of its operations during lockdown imposed by the Government due to COVID-19.

   As a result of lockdown prevailing at the year-end on account of COVID-19, physical verification of inventories could not be carried out at majority of locations at the year end. We are informed that physical verification at these locations was carried out by management subsequent to year end except for certain locations where no physical verification was carried out. In the opinion of the management, the variation in the book inventory and physical inventory (as verified at year end or subsequently) pertains to the year under audit and accordingly necessary adjustments have been made during the year.¬

   Our opinion is not modified in respect of these matters referred to in (1) to (5) above.

In Case of Subsidiary Company(MSPGCL):

We draw attention to following notes:

Holding Company: Maharashtra State Power Generation Company Limited.

Note no. 43(II)(A)(a) regarding lease agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed.

Note No.52(15) regarding a Supreme Court ruling on the coverage of certain allowances paid to employees to be considered as a part of earnings eligible for making contribution towards provident fund. As the Company management's view is not crystallized in this regard, impact thereof is not ascertained.

Subsidiary Company: Mahaguj Collieries Limited

i) Note No.1.1 of Significant Accounting Policies in Notes to Accounts of Mahaguj Collieries Limited, which indicates that the Company has accumulated losses and it's net worth excluding borrowings from its parent companies has been fully eroded, the Company has incurred net loss of Rs.2,32,34,355 during the current year and in previous years and the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in Note 1.1 of Significant Accounting Policies forming part of financial statements.

ii) Note No. 17.2 forming part of financial statements of Mahaguj Collieries Limited regarding non provision for the expenses amounting to Rs. 54,40,70,111/- incurred in previous financial years for various operative expenses for development of Machhakata-Mahanadi Coal Block, which had been cancelled by Hon'ble Supreme Court in 2014 and the reimbursement of which has not yet been considered by Ministry of Coal, Government of India as the same has not been allotted to any new allottee as on date. The management is of the opinion that the adjustment / provision will be made in books of accounts only after the finalisation of valuation process and on allotment of the above coal block to the new allottee is approved by Ministry of Coal, Government of India.

iii) Note No. 17.4 to the financial statements of Mahaguj Collieries Limited which, describes the uncertainty related to the outcome of the lawsuit filed against the Company by M/s Adani Enterprises Limited and the outcome of the on-going arbitration process.

Subsidiary Company: Dhopave Coastal Power Limited:

The accounts of this subsidiary company are not prepared on Going Concern Basis as the management has decided to close down the Company and Government permission in this regard is awaited.

Our opinion is not qualified in respect of above matters.

In Case of Subsidiary Company (MSPTCL):

Statutory Auditor of an Associate Company namely, Maharashtra Transmission Communication Infrastructure Limited (MTCIL) have reported Emphasis of Matter in their statutory audit report as under:

We draw attention to note 53(17)of the accompanying Ind AS financial statements which more fully describes the management's evaluation of impact of uncertainties related to Covid-19 and its consequential effects on the carrying value of its assets as at March 31,2020 and the operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

4. Key Audit Matters

In Case of Subsidiary Company (MSPGCL):

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In case of Holding Company, we have determined the following matters as Key Audit Matter/s for the year.

(i) Contingent Liability/ Contingent Assets

There are a number of litigations pending before various forums against the Company and the management's judgment is required for estimating the amount to be disclosed as contingent liability. Coal companies have made various claims on the Company and management has made counter claims on these coal companies based on its perception.

We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgment in interpreting the cases and it may be subject to management bias. These said claims and counter claims require management estimates and interpretation of various matters, issues involved and are subjective in nature.

(Refer Note No. 42(B) to the Consolidated Financial Statements, read with the Accounting Policy No. 18(II).

We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and contingent assets and adopted the following audit procedures:

- understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases;

- discussed with the management any material developments and latest status of legal matters;

- read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions, if any, obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities and contingent assets;

- examined management's judgments and assessments whether provisions are required;

- reviewed the adequacy and completeness of disclosures;

Based on the above procedures performed, the estimation and disclosures of contingent liabilities and contingent assets are considered to be adequate and reasonable.

"Information Other than the Consolidated Financial Statements and Auditor's Report Thereon"

The company's Board of Directors is responsible for the other information. The other information for the Company comprise the information included in the Directors' Report and Annexures thereto but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We are informed that the Directors' Report and related annexures will get finalized and adopted in the subsequent Board meeting and therefore the same could not be commented upon by us as on today.

5. Information Other than the Consolidated Financial Statements and Auditor's Report thereon:

- The Group's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the Consolidated Financial Statements and our auditor's report thereon.
- Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If based on the work we have performed, we conclude that there is a material misstatement of this Other Information therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

  The Other Information is expected to be made available to us after the date of this Auditor's report. Hence we are not commenting in this regard.

6. Management's Responsibility for the Consolidated Financial Statements :

- The Group's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 the Act, read with rule 7 of the Companies (Accounts) Rule,2015 as amended .

The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

7. Auditor's Responsibilities for the Audit of the ConsolidatedFinancial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated FinancialStatements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system over financial reporting with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial statements, including the disclosures, and whether the Consolidated Financial

Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. Other Matters

In case of Holding Company (MSEBHCL)

We did not audit the Consolidated financial statements/ Standalone financial Statements / Group information of the three subsidiaries i.eMSPGCL,MSEDCL and MSETCL and its other Group Companies, of whose financial statement reflect total Assets of Rs. 2,28,477.98 Crores and Revenue of Rs. 1,11,055.73 Crores (before eliminations) as considered in the Consolidated financial statements. These financial statements/ financial information have been audited by other auditors, whose reports have been furnished to us by the management, and our opinion, on the Consolidated Ind financial statements, in so far as it relates to amounts and disclosures included in respect of such subsidiaries and our report in terms of section 143(3) & (11) of the act, in so far as it relates to subsidiaries, is based solely on the report of such other auditors.

Our opinion is not qualified in respect of above matters.

In case of Subsidiary Company (MSEDCL)

We did not audit the Standalone Financial Statements and other financial information in respect of the subsidiary, whose financial statement includes total assets of Rs 11.42 Lakhs as at 31st March 2020, total revenue of Rs. 0.72 Lakhs and net cash inflow of Rs 0.18 Lakhs for the year then ended on that date. These financial statements and other financial information have been audited by other auditor, whose report has been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosure included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

In case of Subsidiary Company (MSPGCL)

In case of Holding Company

(a) We did not audit the financial statements / financial information of 3 subsidiaries whose financial statements / financial information reflect total assets of Rs.62.85 Crores as at 31st March, 2020, total revenues of Rs. 0.01 Crores and net cash out-flows amounting to Rs.0.22 Crores for the year ended on that date, as considered in the consolidated financial statements.

(b) The consolidated financial statements also include the Group's share of net profit of Rs.0.04 Crores for the year ended 31st March, 2020 based on the unaudited financial statements/ unaudited financial information received by management of the Company.

(c) We state that the financial statements / financial information of three subsidiaries have not been audited by us. These financial statements / financial information of subsidiaries have been audited by other auditors whose reports have been furnished to us by the Management. In respect of two associates the financial statements/financial information is based on the unaudited provisional financial statements / financial information as received the management of the Company.

(d) Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(e) In case of the Holding Company, we could not visit physically any of the plants or locations of the Company for carrying out audit process for the year under report due to complete lock down imposed by the Government in order to restrict the spread of Covid 19. The statutory audit work process, for the year under report, was carried out as a 'Work From Home" exercise i.e. from locations other than plants and offices of the Company based on financial data/ information/records/supporting made available by management through digital medium by providing SAP access through Dash Board via VPN link.

(f) Internal audit reports of the Company, which is being conducted through the external firms of Chartered Accountants, were made available to us only in respect of first two quarter of the current financial year. For third and fourth quarter such reports could not be made available to us due to lock down related to Covid 19.

In case of Subsidiary i.e. Mahagenco Ash Management Services Limited,

The opinion expressed in the present report is based mainly on the information, facts and input data made available to us through electronic means by the management. We wish to highlight that due to Covid 19 induced restrictions on physical movements and strict timelines and the facts that place of business falls under Red zone for lock down implementation and there were constraints on actually visiting the place of business for verification. Hence as regards audit, we were unable to visit the office, had to rely on information provided to us digitally for conduct of audit procedures. Besides the commencement of operations/implementation of the project could be further delayed on account of the imposed lock down by the GOI and the pandemic caused globally.

Our audit opinion is not qualified in respect of the above matters.

Our opinion on the consolidated financial statements, and our report on Other Legal and

Regulatory Requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

In case of Subsidiary Company (MSETCL)

We did not audit the financial statements of Jaigad Power Transco Limited (JPTL) and Maharashtra Transmission Communication Infrastructure Limited (MTCIL), Associates located in India whose financial statements reflect total net profit after tax of Rs. 501.82 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, relating to the amounts and disclosures included in respect of these entities and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid entities, is based solely on the reports of such other auditors

Attention is invited to Note 2.2“Basis of preparation and presentation” of Consolidated Ind AS Financial Statements where Company did not Consolidated its Wholly Owned Subsidiary Company named KhargharVikhroli Transmission Pvt Ltd (KVTPL) and our opinion is not modified in respect of this matter.

Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Office of the Company, to the extent data / details available / feasible based on financial information/ records remitted by the management through digital medium.

9. Report on other legal and regulatory requirements

1. As required under Section 143(5) of the Companies Act, 2013, report on direction/ sub directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the act has been given along with the Standalone Financial Statements of the company and of its subsidiary company. Hence these reports have not been reproduced along with the respect.

2. As required by Section 143(3) of the Act, based on our audit, we report that :

a. We have sought and obtained all the information and explanations, except for the possible effect of the matter described in basis for qualified opinion, and in case of subsidiary Company MSETCL, the third party balance confirmation,in case of holding Company,the consequential effect of which, if any, on Consolidated Financial Statements is unascertained,which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, except for the effect of the matters described in the para ‘Basis for Qualified Opinion’ above, proper books of account as required by law have been kept by the group so far as it appears from our examination of those books.

c. The Consolidated Ind AS Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d. Subject to our observations in basis of qualified opinion, in our opinion, the aforesaid Consolidated Ind-AS financial statements comply with the Ind AS specified under Section 133 of the Act.

e. The matters described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Group.

f. The provisions of Section 164(2) of the Companies Act, 2013, are not applicable to the Group, pursuant to the Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Government of India;

g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

i. In terms of provisions of Section 197(16) of the Act, we report as under:

The group being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it, vide MCA Notification No. GSR 463(E) dated 5th June 2015.

j. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

a. The Consolidated Ind AS financial statements has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements refer Note 42 to its Consolidated Ind AS Financial statements.

b. Due to effects of the matters (whether quantified or otherwise) described in the basis of Qualified Opinion paragraph, we are unable to state whether the Group Company has made adequate provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. According to the information and explanations given to us & based on the consideration of the report of the other auditors, the group company have not entered into any derivative contracts.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and Subsidiary Companyexcept for MSETCL where, obligation for interest accrued but not due on “Private Bonds (GL- 121020) amounting to Rs.1,488.25 Lakhs, the Company has reversed the said liability as it belong to the period prior to trifurcation of Maharashtra State Electricity Board (MSEB), as such the said amount is considered as not payable or to be transferred to Investor Education and Protection Fund (IEPF).

For SPCM & Associates
Chartered Accountants
Firm Regn. No. 112165W

CA Suhas P. Bora
Partner
Membership No. 039765
UDIN: 21039765AAAAER3376

Place: Pune
Date: 06/05/2021

“Annexure A” to the Independent Auditor’s Report

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

(Referred to in paragraph9(2)(f)under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Opinion

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of MSEB Holding CompanyLimited (hereinafter referred to as “Company”) and its subsidiary companies, which are companies incorporated in India, as of that date. The auditors of Subsidiary companies have audited the internal financial controls over financial reporting as of March 31, 2020.

In Case of Holding Company (MSEBHCL)

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

In Case of Subsidiary Company (MSEDCL)

Holding Company (Disclaimer of Opinion)

According to the information and explanation given to us and based on our audit, as informed to us, during the year, the Holding Company has established a framework for internal financial controls with reference to its Financial Statements based on the essential components of internal control stated in the Guidance note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘Guidance Note’). In this regard, the Holding Company has identified various risks and controls, on and before 31st March 2020, has also tested them partially for operating effectiveness of such controls.

We are informed that the balance risks and controls have been tested post 31st March 2020 for their operative effectiveness. We, however, could only test these risks and controls post 31st March 2020 for both its design and operating effectiveness. In the absence of testing of the design of all documented risks and controls and their operating effectiveness as on 31st March 2020, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial control over financial reporting and whether such internal financial controls with reference to financial statements were operating effectively as on 31st March 2020. Accordingly, we do not express any opinion on the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness thereof as on 31st March 2020.

Subsidiary Companyof MSEDCL (opinion)

In the opinion of the Subsidiary Company auditor, the Subsidiary has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal financial control stated in the Guidance Note on audit of Internal Financial controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

In Case of Subsidiary Company (MSPGCL)

Qualified Opinion:

Being a Government undertaking, the Company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein. During the course of our audit of financial statements, we have on test checking basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis for Qualified Opinion" above.

Except for the effects/possible effects of the material weakness stated at paragraph (1) on "Basis for Qualified Opinion" above on the achievement of the objectives of the control criteria, in our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2020.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 consolidated financial statements of the Company.

The material weakness stated at paragraph (1) on ‘Basis for qualified opinion’ above with respect to timely adjustments of advances to suppliers and provision for liabilities made there against has affected our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion in our main audit report.

The other material weaknesses stated in the paragraph (2 and 3) of the “Basis for qualified opinion” above, do not affect our opinion on the consolidated financial statements of the Company.

In Case of Subsidiary Company (MSETCL)

In our opinion, the Company’s internal financial controls system over financial reporting and design thereof needs to be improved to eliminate control lapses and make it comprehensive. Based on selective verification of process controls matrixes made available to us which require to be updated for some identified processes and risks, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

Based on considerations of reporting of the other auditors of Associates as mentioned in the other matter paragraph, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Associates considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Basis for Qualified Opinion

In Case of Subsidiary Company (MSPGCL)

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified, in case of holding company, as at March 31, 2020 wherein the internal controls were not operating effectively.

The Company's internal financial control over timely adjustments of advances to suppliers and provision for liabilities made there against;

The Company's internal financial control/policy over timely finalization and levying of liquidated damages;

The Company's internal financial control over maintenance of subsidiary records pertaining to employees and correlating of HR module data of SAP generated payroll which is integrated with Finance Module data of SAP but could not be viewed and reconciled.

In case of a subsidiary company i.e. Mahaguj Collieries Limited, not audited by us, the other auditors have reported as under:

"Disclaimer of Opinion

According to information and explanation given to us, the Company has not established internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company and the disclaimer, subject to the "Emphasis of Matters" paragraph in our main audit report, does not affect our opinion on the financial statements of the Company."

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls over financial reporting with reference to Consolidated Financial Statements, based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls,to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to Consolidated Financial Statementswereestablishedandmaintainedandifsuch controlsoperatedeffectivelyinallmaterial respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to Consolidated Financial Statementsincluded obtaining an understanding of internal financial controls over financial reporting with reference to Consolidated Financial Statements. , assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by auditor of Subsidiary Company in terms of his report referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to Consolidated Financial Statements includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Consolidated Financial Statementsmay become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our opinion is not qualified in respect of the above matter.

Other Matters

In Case of Holding Company (MSEBHCL)

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financial controls with reference to Consolidated Financial Statements insofar as it relates to its Subsidiary Company's which is incorporated in India is based solely on the corresponding report of the auditor of Subsidiary.

In Case of Subsidiary Company (MSEDCL)

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financial controls with reference to Consolidated Financial Statements insofar as it relates to its Subsidiary, which is incorporated in India is based solely on the corresponding report of the auditor of Subsidiary.

In Case of Subsidiary Company (MSPGCL)

We could not visit physically any of the plants or locations of the Holding Company for carrying out audit process on Internal Finance Control of the Company, for the year under report, due to complete lock down imposed by the Government in order to restrict the spread of Covid 19. The IFC related audit work process, for the year under report, was carried out as a 'Work From Home" exercise i.e. from locations other than plants and offices of the Company based on financial data/information/ records/supporting made available by management through digital medium by providing SAP access through Dash Board via VPN link.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. We state that such reports have not been received from two associates of the Company.

Our opinion is not qualified in respect of the above matter.

In Case of Subsidiary Company (MSETCL)

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two Associate companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For SPCM & Associates
Chartered Accountants
Firm Regn. No. 112165W

CA Suhas P. Bora
Partner
Membership No. 039765
UDIN: 21039765AAAAER3376

Place: Pune
Date: 06/05/2021

PART -I BALANCE SHEET

MSEB Holding Company Limited

Consolidated Balance Sheet as at 31st March 2020

(Amt in Crores)

Sr. No.	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
	ASSETS			
(1)	**Non Current Assets**			
a	Property, Plant & Equipment	2	116,325.39	117,312.44
	Less: Provision for obsloescence		21.17	42.09
	Net Property,Plant & Equipment		116,304.22	117,270.35
b	Right to use of Asset	2A	4,491.14	-
c	Capital Work in Progress	2B	9,700.86	6,726.45
	Less: Provision for obsloescence		40.09	33.98
	Net Property,Plant & Equipment		9,660.77	6,692.47
d	Investment Properties			
e	Goodwill			
f	Other Intangible Assets	2C	9.29	15.64
g	Intangible Assets under Development	2D	145.47	145.30
h	Investments in Subsidiaries, associates and joint ventures	3	3.18	-4.39
i	Financial Assets			
	(i) Investments	4	1,171.07	944.43
	(ii)Trade Receivables		-	-
	(iii) Loans	5	1.54	2.27
	(iv) Others (to be specified)	6	833.68	728.85
j	Deferred Tax Assets (Net)			
	(a) Non Current Tax Assets (Net)	7	463.94	456.31
k	Other Non Current Assets	8	1,626.34	2,337.11
(2)	**Current Assets**			
a	Inventories	9	2,491.04	1,972.20
b	Financial Assets			
	(i) Investments	10	428.30	130.23
	(ii) Trade Receivables	11	34,300.17	25,001.56
	(iii) Cash & cash Equivalents	12	2,453.07	1,370.62
	(iv) Bank Balances Other than (iii) above		-	-
	(v) Loans	13	10.81	29.00
	(vI) Others	14	10,617.98	12,796.46
c	Current Tax Assets (Net)		-	-
d	Other Current assets	15	1,172.68	1,491.90

	Assets held for sale/Assets included in disposal group(s) held for sale	16	283.16	278.93
	Regulatory Assets	17	17,430.35	8,983.74
	Total Assets		**203,898.20**	**180,642.98**
	EQUITY AND LIABILITIES			
	EQUITY			
a	Equity Share capital	18	89,109.71	88,940.23
b	Other Equity	19	-40,134.28	-38,708.48
	Equity attributable to owners of the parent		48,975.43	50,231.75
	Non Controlling Interest		21.53	21.71
			48,996.96	50,253.46
	LIABILITIES			
(1)	Non Current Liabilities			
a	(I) Financial laibilities			
	(i) Borrowings	20	56,187.70	51,191.89
	(ii) Trade Payables		-	-
	(iii) Other fianancial Liabilities (other than those specified in item (b))	21	11,167.08	11,054.18
	(II) Other Non-fianancial Liabilities			
b	Provisions	22	6,111.83	5,218.22
c	Deferred Tax Liabilities (Net)	23	3,587.22	3,242.15
d	Other Non Current Liabilities	24	13,042.30	9,524.60
(2)	**Current Liabilities**			
a	Financial laibilities			
	(i) Borrowings	25	14,378.51	13,770.44
	(ii) Trade Payables	26	7,107.92	4,707.08
	(iii) Other fianancial Liabilities (other than those specified in item (c))	27	32,323.80	23,844.87
b	Other Current Liabilties	28	3,988.53	2,780.69
c	Provisions	29	6,894.29	4,806.06
d	Current Tax Liabilities (Net)	30	112.06	249.36
	Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale			
	Total Liabilities and Equity		**203,898.20**	**180,642.98**
	Significant Accounting Policies	**1**		
	Notes to accounts	**2 to 54**		

See accompanying notes to the fianancial statements

As per our report of even date	**For and on Behalf of Board**	
For **SPCM & Associates** Chartered Accountants Firm Registration Number: 112165W	**Sunil Pimpalkhute** Director Finance & CFO (DIN: 01915725)	**Dinesh Waghmare** Managing Director (DIN: 01843097)
CA Suhas P. Bora Partner Membership Number : 039765 UDIN: 21039765AAAAER3376	**Pankaj Sharma** CGM (Finance)	**Subodh Zare** Company Secretary
Place : Pune Date : 06.05.2021	Place : Mumbai Date : 06.05.2021	

PART II - STATEMENT OF PROFIT AND LOSS

MSEB Holding Company Limited

Consolidated Statement of Profit and Loss for the year ended 31st March 2020

(Amt in Crores)

	Particulars	Note	For the Year 2019-20	For the Year 2018-19
(i)	Revenue from operations	31	74,519.47	73,964.85
(ii)	Other Income	32	8,918.03	9,082.59
I	**Total Income (i)+(ii)**		**83,437.50**	**83,047.44**
	Expenses			
(i)	Cost of materials consumed	33	14,398.27	12,995.33
(ii)	Purchase of Power	34	43,952.96	41,580.27
(iii)	Purchase of Stock-in-Trade		-	-
(iv)	Changes in Inventories of finished goods, Stock-in-trade and work-in-progress		-	-
(v)	Employee Benefits Expenses	35	8,304.66	6,871.76
(vi)	Repairs and maintainance	36	1,080.04	958.51
(vii)	Admin and General Expenses	37	607.22	710.23
(viii)	Finance Costs	38	8,253.28	7,717.27
(ix)	Depreciation and amortization expense	39	7,089.92	7,287.68
(x)	Others expenses	40	8,661.76	8,706.05
II	**Total Expenses ((i) to (x))**		**92,348.11**	**86,827.11**
III	**Profit /(Loss) before exceptional items and tax (I-II)**		**-8,910.61**	**-3,779.67**
IV	**Share of profit in associates and joint venture**		**5.06**	**4.84**
V	Exceptional Items		-	-
VI	Regulatory Income / (Expense)	41	8,446.61	-495.00
VI	**Profit /(Loss) before tax (III - IV-V-VI)**		**-458.94**	**-4,269.84**
VII	Tax Expenses:			
	(1) Current Tax	48	-341.71	-160.99
	(2) MAT Credit Entitlement		-	-1.84
	(3) Deferred Tax	48	-389.59	-107.77
	(4) Previous Year Taxes		-	-215.08
VIII	**Profit /(Loss)for the period from continuing operations (VI-VII)**		**-1,190.24**	**-4,755.50**
IX	Profit /(Loss) from discontinued operations before tax		-	-

X	Tax Expenses of discontinued operations		-	-
XI	Profit /(Loss) from discontinued operations (After tax) (IX- X)		-	-
XII	**Profit /(Loss) for the period (VIII+XI)**		**-1,190.24**	**-4,755.50**
XIII	Other Comprehensive Income			
(A)	(i) Items that will not be reclassified to profit or loss		-412.90	-255.53
	(ii) Income tax relating to items that will be reclassified to profit or loss		123.00	1.70
	(iii) Share of net profits of Associates/ Joint Venture accounted in OCI for using equity method		-0.00	-0.04
	Subtotal (A)		**-289.90**	**-253.87**
	Share of net profits of Associates/ Joint Venture accounted in OCI for using equity method		-	-
(B)	(i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)		**-**	**-**
XIV	**Other Comprehensive Income(A+B)**		**-289.90**	**-253.87**
XV	**Total Comprehensive Income for the period (XII + XIV)**		**-1,480.14**	**-5,009.37**
	Attributable to:			
	Owners of the Company		-1,189.31	-4,754.43
	Non-controlling interests		-0.93	-1.08
	PROFIT FOR THE YEAR		**-1,190.24**	**-4,755.50**
	Other comprehensive income Attributable to:			
	Owners of the Company		-290.65	-253.87
	Non-controlling interests		0.75	-
	OTHER COMPREHENSIVE INCOME		**-289.90**	**-253.87**
XVI	**Earning per equity share (for continuing operations)**			
	Basic (Rs.)	46	-0.13	-0.54
	Diluted (Rs.)	46	-0.13	-0.54
	Significant Accounting Policies	1		
	Notes to Accounts	2 to 54		

See accompanying notes to the fianancial statements

As per our report of even date	**For and on Behalf of Board**	
For **SPCM & Associates** Chartered Accountants Firm Registration Number: 112165W	**Sunil Pimpalkhute** Director Finance & CFO (DIN: 01915725)	**Dinesh Waghmare** Managing Director (DIN: 01843097)
CA Suhas P. Bora Partner Membership Number : 039765 UDIN: 21039765AAAAER3376	**Pankaj Sharma** CGM (Finance)	**Subodh Zare** Company Secretary
Place : Pune Date : 06.05.2021	Place : Mumbai Date : 06.05.2021	

MSEB Holding Company Limited

Consolidated Cash Flow for the year ended 31st March 2020

(Amt in Crores)

Particulars	2019-20		2018-19	
A. Cash flows from operating activities				
Net profit before taxation		-458.94		-4,269.84
Adjustments for:				
Interest income	97.30		86.19	
Finance Cost	8,253.28		7,717.27	
Depreciation and amortisation expense	7,089.92		7,287.68	
Subtotal		15,440.50		15,091.13
Operating profit before working capital changes		14,981.56		10,821.30
Changes in Working Capital				
Adjustments for (increase) / decrease in operating assets :				
(Increase)/Decrease in Financial Investments	-226.64		-104.90	
(Increase)/Decrease in Financial Trade Receivables	-		4,265.27	
(Increase)/Decrease in Financial Loans and Advances	0.73		1.25	
(Increase)/Decrease in Other Financial Assets	-104.82		-61.76	
(Increase)/Decrease in Other Non Current Assets	710.77		3,249.72	
(Increase)/Decrease in Inventories	-518.84		-333.70	
(Increase)/Decrease in Current Financial Investments	-298.07		2.34	
(Increase)/Decrease in Current Financial Trade Receivables	-9,298.61		-3,396.02	
(Increase)/Decrease in Current Financial Loans and Advances	18.19		-99.50	
(Increase)/Decrease in Financial Other Current Assets	2,178.49		-2,723.54	
(Increase)/Decrease in Other Current Assets	319.22		439.48	
(Increase) /Decrease in Assets held for Sale	-4.23		-36.59	
(Increase) /Decrease in Regulatory assets	-8,446.61		495.00	
Increase/(Decrease) in Other Financial Borrowings	4,995.81		5,847.31	
Increase/(Decrease) in Other Financial Liabilities	112.90		2,305.33	
Increase/(Decrease) in Financial Provisions	893.60		-0.09	

Increase/(Decrease) in Other Non Current Liabilities	3,517.70		882.34	
Increase/(Decrease) in Other Current Borrowings	608.06		89.25	
Increase/(Decrease) in Current Trade Payables	2,400.85		-1,966.36	
Increase/(Decrease) in Cuurent Financial Liabilities	8,478.94		-7,949.26	
Increase/(Decrease) in Other Current Liabilities	1,207.85		409.40	
Increase/(Decrease) in Other Current Provisions	2,088.22		2,460.37	
Increase/(Decrease) in Share Application Money	-		-	
Increase/(Decrease) in Other Comprehensive Income	-967.04	7,666.47	-560.04	3,215.30
Cash generated from operations				
Less: Taxes paid (including earlier years)		200.13		353.96
Net cash from operating activities (A)		22,848.16		14,390.56
B. Cash flows from investing activities				
Purchase of fixed assets and addition to Capital Work in Progress	-15,160.26		-9,225.79	
Sales of fixed assets and addition to Capital Work in Progress	1,583.20		2,746.69	
Sale of Investments & Investment Properties	-7.56		43.62	
Sale of Investments & Investment Properties				
Interest received (Net of TDS)	-97.30		-86.19	
Net cash used for investing activities (b)		**-13,681.92**		**-6,521.67**
C. Cash flows from financing activities				
Proceeds from issuance of shares	169.49			
Interest and Financial Charges	-8,253.28		-7,717.27	
Net cash from financing activities (C)		-8,083.79		-7,717.27
"Net increase in cash and cash equivalents (A + B + C)"		1,082.45		151.62
Cash and cash equivalents at beginning of period		1,370.62		1,219.00
Cash and cash equivalents at end of period		2,453.07		1,370.62
Components of cash and cash equivalents				
Cash on hand		1.36		5.69
Balances with banks		1,705.88		488.18
On current account				

On deposit account with maturity of less than 3 Months		716.81		836.32
Demand Deposits with original maturity less than 12 months		28.71		39.98
Cheques/ drafts on hand		0.31		0.45
Othe Bank Balances		-		-
Cash and cash equivalents as per note 12		2,453.07		1,370.62

As per our report of even date

For and on Behalf of Board

For **SPCM & Associates**
Chartered Accountants
Firm Registration Number: 112165W

Sunil Pimpalkhute
Director Finance & CFO
(DIN: 01915725)

Dinesh Waghmare
Managing Director
(DIN: 01843097)

CA Suhas P. Bora
Partner
Membership Number : 039765
UDIN: 21039765AAAAER3376

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Pune
Date : 06.05.2021

Place : Mumbai
Date : 06.05.2021

Statement of changes in euqity

PART -I BALANCE SHEET

Consolidated Statement of changes in Equity for the year ended 31st March 2020

A. Equity Share Capital

Particulars	Amt (Rs. In Croses)
As at 1st April 2018	88,086.54
Issue of share capital (As per Note 18)	853.69
As at 31st March 2019	88,940.23
Issue of share capital (As per Note 18)	169.49
As at 31st March 2020	**89109.71**

B. Instruments entirely equity in nature

a. Compulsorily Convertible Preference Shares

Particulars	Amt (Rs. In Croses)
As at 1st April 2018	-
Issued during the yr 2018-2019	-
As at 31st March 19	-
Issued during the yr 2019-2020	-
As at 31st March 2020	-

b. Compulsorily Convertible Debentures

Particulars	Amt (Rs. In Croses)
As at 1st April 2018	-
Issued during the yr 2018-2019	-
As at 31st March 2019	-
Issued during the yr 2019-2020	-
As at 31st March 2020	-

c. Instrument (any other instrument entirely equity in nature)

Particulars	Amt (Rs. In Croses)
As at 1st April 2018	-
Issued during the yr 2018-2019	-
As at 31st March 2019	-
Issued during the yr 2019-2020	-
As at 31st March 2020	-

Statement of changes in equity
MSEB Holding Company Limited
Consolidated Statement of changes in Equity for the year ended 31st March 2020

A. Equity Share Capital

Particulars	Amt (Rs. In Croses)
As at 31st March 2019	88,940.23
Issue of share capital	169.49
As at 31st March 2020	**89109.71**

Other Equity

Particulars	Share application money pending allotment	Retained Earnings	Statutory Reserve Fund	Other Equity	Special Reserve	Contingency Reserve	Load Despatch centre Empo-werment Reserve	Total Other Equity	Total Attributable to Owners of the Company	Attributable to Non-controlling Interest	Total Other Equity
As at 01-04-2018	**37.00**	**-34,915.37**	**577**	**25.21**	**139.39**	**495.25**	**-**	**-33,641.52**	**-33,663.19**	**21.67**	**-33,641.52**
Add profit for the year	-	-4,755.50	-	-	-	-	-	-4,755.50	-4,754.43	-1.08	-4,755.50
Other Comprehensive Income	-	-253.87	-	-	-	-	-	-253.87	-253.87		-253.87
Additions during the year	-	-	-	1.12	-	66.81	40.53	108.46	107.35	1.11	108.46
Deductions during the year	-37.00	-107.34	-	-	-	-	-	-144.34	-144.34	-	-144.34
As at 31-03-2019	**0.00**	**-40,032.08**	**577**	**26.33**	**139.39**	**562.06**	**40.53**	**-38,686.77**	**-38,708.48**	**21.71**	**-38,686.77**
Add profit for the year	-	-1,190.24	-	-	-	-	-	-1,190.24	-1,189.31	-0.93	-1,190.24
Other Comprehensive Income	-	-289.90	-	-	-	-	-	-289.90	-290.65	0.75	-289.90
Additions during the year	187.82	-	-	0.74	-	65.97	22.70	277.24	277.24	-	277.24
Deductions during the year	-123.82	-88.67	-	-	-	-	-10.58	-223.08	-223.08	-	-223.08
As at 31-03-2020	**64.00**	**-41,600.90**	**577**	**27.07**	**139.39**	**628.03**	**52.65**	**-40,112.75**	**-40,134.28**	**21.53**	**-40,112.75**

As per our report of even date

For and on Behalf of Board

For **SPCM & Associates**
Chartered Accountants
Firm Registration Number: 112165W

CA.Suhas P. Bora
Partner
Membership Number : 039765
UDIN: 21039765AAAAER3376

Place : Pune
Date : 06.05.2021

Sunil Pimpalkhute
Director Finance & CFO
(DIN: 01915725)

Pankaj Sharma
CGM (Finance)

Place : Mumbai
Date : 06.05.2021

Dinesh Waghmare
Managing Director
(DIN: 01843097)

Subodh Zare
Company Secretary

Note 1: Significant Accounting Policies on Consolidated Financial Accounts for the year ended 31st March, 2020

A. Corporate information:

Maharashtra State Electricity Board Holding Company Ltd. (MSEBHCL) was incorporated w.e.f. 31.05.2005 consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003. It has three Subsidiaries Companies viz. Maharashtra State Power Generation Co. Ltd. (MSPGCL), Maharashtra State Electricity Transmission Co. Limited (MSETCL), Maharashtra State Electricity Distribution Co. Limited (MSEDCL). The Company started its operation from 6th June 2005 in accordance with the "Provisional Transfer Scheme" of the Government of Maharashtra. The "Provisional Transfer Scheme" was a scheme under which all the three subsidiary Companies and this Company came into existence from the erstwhile MSEB Board. The said scheme has been finalised and the Financial Restructuring Plan (FRP) has been approved by the GOM on 31st March 2016and has been notified vide GR No.Reform2010/ Pr.Ka.117/Urja-3. The scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005.

B. Basis of preparation:

- **Compliance with Ind AS:**

The consolidated financial statements have been prepared to comply, in all material aspects, in accordance with the Indian Accounting Standards (herein after referred to as 'IND AS') notified under Section 133 of the Companies Act, 2013 (the Act) ,[the Companies (Indian Accounting Standards) Rules, 2015 and the other relevant provisions of the Act].

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years.

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value at the end of each reporting period, as explained in the accounting policies below.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per requirement of Schedule III unless otherwise.

- **Principles of Consolidation:**

The consolidated financial statements relate to the consolidation of MSEB Holding Company Ltd (MSEBHCL) and its following Subsidiaries:

Maharashtra State Electricity Distribution Company Ltd. (MSEDCL)	100% Subsidiary of MSEBHCL
Maharashtra State Power Generation Company Ltd. (MSPGCL)	100% Subsidiary of MSEBHCL
Maharashtra State Transmission Company Ltd (MSETCL)	100% Subsidiary of MSEBHCL

Dhopave Coastal Power Ltd. (DCPL)	100% Subsidiary of MSPGCL
Mahagenco Ash Management Services Ltd (MAMSL)	100% Subsidiary of MSPGCL
Mahaguj Collieries Ltd (MCL)	60% Subsidiary of MSPGCL
UCM	Associate of MSPGCL (18.75% ownership)
Aurangabad Power Company Ltd.(APCL)	100% Subsidiary of MSEDCL
Jaigad Power Transco Ltd. (JPTL)	Associate of MSETCL
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Associate of MSETCL

The group companies are Public Limited Companies registered under the provisions of the Companies Act, 2013. The Companies are governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003. The consolidated financial statements of the Group companies are consolidated on a line-by-line basis.

Associates /Joint Ventures (equity accounted investees)

Equity Method

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the company's share of the profit or loss of the investee after the date of acquisition. The company's share of the investee's profit or loss is recognised in the company's statement of profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for change in the company's proportionate interest in the investee arising from the changes in the investee's other comprehensive income. The Companies share of those changes is recognised in the company's other comprehensive income.

Jaigad Power Transco Limited (JPTL) is a joint venture of JSW Energy Limited with 74% share holding and MSETCL 26% share holding. The Joint venture has been set up to construct , operate and maintain 54.739 kilo meters of one Jaigad – New Koyna 400 KV double circuit (QUAD) transmission line and 110 kilo meters of one Jaigad-Karad 400 KV double circuit (QUAD) transmission line.

Maharashtra Transmission Communication Infrastructure Limited (MTCIL) is a joint venture between Sterlite Technologies Limited (STL) with share holding 72.10 % and Maharashtra State Electricity Transmission Company Limited (MSETCL) with share holding 27.90 %. The prime commercial activity is to make available fibre capacity on lease rental to retail, wholesale and enterprise corporate customers, drawn from Optical Power Ground Wire (OPGW) network.

A joint venture is an arrangement in which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in jointly controlled entity is accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated to the extent information is available for Intra group transactions, while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Maharashtra State Electric Power Trading Company Ltd (MSEPTCL) has been merged with MSEB Holding Co Ltd wide order number 24/02/2014-CL-III dated 16/07/2015 with effect from 01.04.2015.

As far as possible the Consolidated Financial Statements are prepared using uniform accounting policy for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

Assets and Liabilities created under applicable electricity laws continue to be depicted under appropriate heads.

C. Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/non- current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after reporting period.

  Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

Or

- There is no unconditional right to defer the settlement of the liability for at twelve months after the reporting period.

Deferred tax assets/liabilities are classified as non-current on net basis.

All other liabilities are classified as non-current.

D. Note on Historical cost convention:

The consolidated financial statements have been prepared as a going concern under the historical cost convention and on accrual basis except:

a) certain financial instruments which are on fair value basis

b) employees defined benefit plans which are on fair value basis

c) Assets held for sale are measured at lower of its carrying amount and fair value less cost to sale which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

In case of M/s. Mahaguj, The Hon'ble Supreme Court had vide its order dated 25.08.2014 read with Order dated 24.09.2014 cancelled the allocation of all the coal block made by Ministry of Coal, Govt. of India between the period 1993 to 2010 which includes the Machhakata-Mahanadi coal blocks allotted to the Promoters of the Company. The Govt. of India had issued The Coal Mines (Special Provision) Act, 2015 (no. 11 of 2015) with retrospective effect from 21.10.2014 for reallocation process of cancelled coal blocks. Accordingly, after the reallocation of the said blocks to new allottee by the Ministry of Coal, Govt. of India, the process for transfer of documents and rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. shall be undertaken as per directives of the Ministry of Coal, Govt. of India. In view of the above, the financial statements of the Company, are continued to be prepared on a going concern basis.

In case of M/s. DCPL, the accounts have not been prepared on a Going Concern basis as holding company Board accorded approval for closure of subsidiary company namely Dhopave Coastal Power Ltd (DCPL) and approached Govt. of Maharashtra (GOM) for approval of closure of DCPL.

E. Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;
- Fair value measurements of financial instruments
- Impairment of non-financial assets;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies;
- Evaluation of recoverability of deferred tax assets;
- Revenue recognition

F. Other Significant Accounting Policies:

1) Property, Plant and Equipment (PPE):

I. In respect of MSEBHCL:

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as separates component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss incurred.

Capital work in progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet.

Capital Expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, are adjusted prospectively.

When the use of a Property changes from owner-occupied to Investment property, the property is reclassified as Investment Property at its carrying amount on the date of classification.

Leased Assets

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

In other case, buildings constructed on leasehold lands are amortised over the primary lease of the lands. Freehold land is not depreciated.

Estimated useful lives of the assets are as follows:

Nature of Assets	Years
Leasehold Land	01 to 80
Buildings	01 to 60
Plant &Equipment	01 to 15
Furniture & Fixtures	01 to 10
Vehicles	01 to 08
Computers	01 to 03

Assets individually costing Rupees five thousand or less are fully depreciated over a period of twelve months from the date available for use.

II. In respect of MSPGCL:

Property, Plant and Equipment

i. Freehold lands are carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

ii. The initial cost of an asset comprises its purchase price or construction cost (including import duties, freight and non-refundable taxes); any incidental costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost (after deducting the proceeds from selling any items produced during the trial run period) and other operating expenses such as freight, installation charges etc. net of other income during the construction period. The projects under construction are carried at costs comprising of direct costs, related pre-operational incidental expenses and attributable interest.

Subsequent expenditures are included in assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

iii. Capital Expenditure incurred by the Company, resulting in creation of Property Plant and Equipment for which Company does not have ownership rights and control over it, is reflected as a part of capital work in progress till the assets are under construction and an equivalent amount is provided for by way of debiting obsolescence of assets expense which is charged off to the Statement of Profit and Loss in the year in which it is incurred. Upon completion of construction the aforesaid capital expenditure will be capitalized and adjusted against the provision created for assets not owned by the company. Contribution towards the cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss when incurred.

iv. Enabling Asset Policy (CASE TO CASE BASIS) - Items of property, plant and equipment acquired by the Company, (although not directly increasing the future economic benefits from such assets), may be necessary for the Company to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable the Company to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired. However, capitalization of assets is done by the Company only after verifying the nature of assets on case to case basis.

v. In case of Capital Work in Progress where the final settlement of bills with the contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

vi. Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company.

vii. An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized and disposed off.

viii. Lease arrangements for land is classified at the inception date as finance lease as, it transfers substantially all the risk and rewards incidental to ownership to the Company during the lease period.

ix. Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

x. Written Down Value of old Machinery Spares is charged to the Statement of Profit and Loss in the year in which such spares are replaced and the old relevant spares are found to be of no further use. However, if the old relevant spares can be repaired and reused, then both are continued to be depreciated over the remaining useful life of the relevant asset. The repair charges of the old relevant spares are charged to Statement of Profit and Loss.

xi. In case of replacement of part of asset / replacement of capital spare where Written Down value of such original part of asset / capital spare is not known, the cost/ net book value of the new part of asset / new capital spare shall be written off.

xii. The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

Capital Work-in-progress

In case of Property Plant and Equipment, for new projects / capacity expansion, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.

Further, the expenditure in respect of new projects / capacity expansion would commence getting capitalized upon approval of the Board of Directors of the Company to implement the respective project upon completion of exploration and technical and financial feasibility studies of the project. The expenditure incurred in relation to exploration activities and project feasibility studies are charged to Statement of Profit and Loss as and when incurred.

a) The expenditure on the salaries directly attributable to project will form the part of the project cost till completuion of Boiler-Turbine-Generator related activities and Balance Of Plants related activities.

b) Admin & General expenditure that are directly attributable to construction of the project will be capitalised as a part of project cost upto one year after commissioning of the said project in view of completion of balance project related activities and subsequently it will be charged to Statement of Profit and Loss.

c) None of the expenditure of Generation Construction Office Koradi& Head Office will be allocated to small capital scheme. The small capital scheme are the schemes which entails less than twelve months time for its construction.

d) In the event, the company is executing more than one project,/ capital scheme (other than small schemes) the common cost incurred at Generation Construction Office Koradi& Head Office will be to allocated on the basis of the addition to the work-in-progress during the year.

The Liquidated Damages are adjusted to the Cost of Property Plant and Equipment during the year it is crystallized.

III. In respect of MSETCL:

Property, Plant and Equipment

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized. If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, contracts for construction of Sub-station and Transmission Lines where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

The cost of land includes payments/liabilities towards compensation and other expenses wherever possession of land is taken.

Expenditure on levelling, clearing and grading of land is capitalized as cost of Land Development.

Spare parts whose cost is Rs.10,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized. In other cases, the spare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Project Offices, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

Costs incurred on identification, survey and feasibility studies of a project under sanctioned scheme are shown as a distinct item under capital work in progress till the period of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to Statement of Profit and Loss in the year of rejection.

IV. In case of MSEDCL:

Property, Plant and Equipment (PPE):

a) Freehold lands are carried at cost.

b) PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Specific know-how fees paid, if any, relating to plant & equipment is treated as a part of cost thereof. Cost includes purchase price and any attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

c) For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost.

d) Inventories with useful life for more than one year are accounted as PPE as per Ind AS 16.

e) Derecognition

An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipments is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital Work in Progress:

a) Fifteen percent of the cost of Capital Work in Progress incurred during the year is added to Capital Work in Progress towards Employee Cost and Administration and General Expenses as the Operation and Maintenance Circles are executing both Capital Works and Operation and Maintenance Works.

b) Interest relating to construction period in respect of acquisition of the qualifying assets is capitalised on the addition to Work in Progress during the year based on the average interest rate applicable to the loan.

c) Claims for Price Variation in case of contracts are accounted for on acceptance by theGroup.

2) Depreciation:

I. In respect of MSPGCL:

A. Leasehold land is amortized at the rate of 3.34% p.a. on straight line basis as prescribed under MERC Regulation.

B. Property, Plant and Equipment

i. The Holding Company being rate regulated entity has followed the depreciation rates and methodology and life of assets as prescribed by Maharashtra Electricity Regulatory Commission. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

ii. Depreciation on the Property Plant and Equipment added/ disposed off / discarded during the year is provided on pro-rata basis with reference to the month of addition / disposal / discarding and in case of capitalization of green field / brown field projects, depreciation is charged from the date of commencement of commercial operation to the Statement of Profit and Loss.

iii. In case of Assets (other than assets mentioned in (iv) below) whose depreciation has not been charged upto 70% of the asset valueafter its commissioning, company charges the depreciation rates as prescribed below, on the Gross Cost of assets for calculating depreciation till the end of such year in which the accumulated depreciation reaches upto 70% of the asset value in respect of such asset. After attainment of 70% depreciation, the company charges depreciation on the basis of balance useful life upto 90% of the value of asset, in terms of the estimated useful life forThermal and Gas based power generating Stations as 25 years and in case of Hydro Generating Stations as 35 years as prescribed by MERC.

Type of asset	Depreciation (%)
Plant & Machinery in generating station of Hydro – electric, Steam Electric, & Gas based power generation Plant, Cooling Tower, Hydraulic Works, Transformers & other fixed apparatus, Transmission lines, Cable Network etc.	5.28%
Buildings & Other Civil Works	3.34%

iv. In case of following assets depreciation is charged on straight line method upto 90% of asset value at rates mentioned below:

Type of asset	Depreciation (%)
Furniture, Fixtures and Office Equipment	6.33%
Vehicles	9.50%
IT Equipment	15.00%

v. Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition. Cost of all Mobile Phones/Tablet is capitalized and depreciated at 100% during the year of purchase irrespective of thresh hold limit.

C. Intangible Assets:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized as prescribed by MERC at the rate mentioned below :

Type of asset	Depreciation (%)
Software	30%

Depreciation on the assets of subsidaries is charged on straight line method following the useful life specified in Schedule II of the Companies Act, 2013

II. In respect of MSETCL:

Depreciation:

Depreciation/amortization on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Maharashtra Electricity Regulatory Commission (MERC) for the purpose of recovery of tariff.

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 4 years, whichever is less with nil residual value.

Mobile Phones are charged off within 3 years from the date of Purchase.

Depreciation/ Amortization on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease on account of price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated retrospectively at the rates and methodology as specified by the MERC Tariff Regulations.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the MERC.

The residual values, useful lives and methods of depreciation for assets other than assets related to transmission business are reviewed at each financial year end and adjusted prospectively, wherever required.

Property, Plants & Equipments costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

Leasehold land (Except Considered as ROU under Ind AS-116 as referred in para 2.12) is fully amortized over lease period in accordance with the rates and methodology specified in MERC Tariff Regulation.

Depreciation rates used for various classes of assets are as under:

Particulars	**Rate**
Tangible Assets	
Hydraulic Works	5.28%
Buildings & Other Civil Works	3.34%
Plant & Machinery	5.28%
Transmission lines, Cable Network etc.	5.28%
Furniture, Fixtures and Office Equipments	5.28% to 15%
Vehicles	6.33%

III. In respect of MSEDCL:

Depreciation / Amortisation:

Property, Plant and Equipment:

The Group has estimated the useful life of an item of Property Plant and Equipment based on a techno-commercial evaluation. This estimation includes the pattern of usage of the Property Plant and Equipment item. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset except for temporary erections which is provided at 100% in same year in which the assets are accounted for.

The present estimation is similar to the method used by MERC to determine tariff through MERC (Multi Year Tariff) Regulations 2015.

The rates of Depreciation applied are as under:

Assets Group	Rate (%)
Leasehold Land	3.34
Buildings	3.34
Hydraulic Works	5.28
Other Civil Works	3.34
Plant & Machinery	5.28
Lines & Cable Networks	5.28
Communication Equipment	6.33
Vehicles	9.50
Furniture & Fixtures	6.33
Office Equipment	6.33
IT Equipment	15.00
Other Assets	5.28

In case of Assets whose depreciation has not been charged upto 70% after its commissioning, Holding Company charges depreciation at the rates prescribed above till the end of such year in which the accumulated depreciation reaches upto 70%. After attainment of 70% accumulated depreciation, the Holding Company charges depreciation on the basis of remaining useful life upto 90% of the cost of asset in terms of the requirement of the MERC (Multi Year Tariff) Regulations 2015.

Depreciation on addition/deletions of assets during the year is provided on pro-rata basis.

The assets costing Rs.5000/- or less individually are depreciated at 100% in the year they are put to use.

3) Investment Properties:

I. In respect of MSEBHCL:

Investment properties comprise portions of freehold land and office buildings that held for long-term rentals yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequently investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

The cost includes the cost of replacing parts and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Comparative Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arises.

Though the Company measures investment property using cost based measurement and considered the same amount as the fair value of all the investment properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the assetis recognised in the statement of profit and loss in the period of derecognition.

4) Intangible assets:

I. In respect of MSEBHCL:

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. The cost of intangible assets that are acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset (except goodwill) is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

a) Goodwill – Goodwill is initially recognised at cost and is subsequently measured at cost loss any accumulated impairment losses.

b) Software – Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years.

c) Licences – Acquired licenses are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in profit or loss on a straight-line basis over the unexpired period of the license and is disclosed under 'depreciation and amortisation'. The amortisation period relating to licenses acquired in a business combination is determined primarily by reference to the unexpired license period.

d) Other acquired intangible assets – Other intangible assets are initially recognised at cost. Other intangible assets acquired in business combinations are amortised over the estimated useful lives from the date they are available for use.

Intangible assets that have an indefinite useful life, for example goodwill, and intangible assets not yet put to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances include, through are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

II. In respect of MSPGCL:

Intangible Assets

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Intangible assets (other than software) are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Software are amortised as per the life prescribed by MERC. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

The Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

III. In respect of MSETCL:

Intangible Assets

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

IV. In respect of MSEDCL:

Intangible Assets:

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding development costs, are not capitalised and the related expenditure is reflected in Statements of Profit and Loss in the period in which the expenditure is incurred. Development costs are capitalised if technical and commercial feasibility of the project is demonstrated and future economic benefits are probable.

Intangible assets are amortised over the contract or warranty period whichever is longer and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets and impairment loss is recognised in the Statements of Profit & Loss.

The Holding Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

5) Impairment of non- financial assets:

I. In respect of MSEBHCL:

At each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined at the higher of the fair value less cost to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share process for publicly traded companies or other available fair value indicators.

Impairments losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously re-valued with the revaluation taken to Other Comprehensive Income (the ‘OCT’). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

II In respect of MSPGCL:

Impairment of Non-Financial Assets

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

In case of M/s. Mahaguj, The Hon'ble Supreme Court vide its Judgment dated 25.08.2014 and order dated 24.09.2014 in W.P. (Criminal) No. 120 of 2012 and other connected matters, has declared all allocations of the Coal blocks made through Screening Committee and through Government Dispensation route since 1993 as illegal and has quashed the allocations of 204 coal blocks. The same has been informed by the Ministry of Coal vide its letter dated 01.10.2014 put up on its website which also included Machhakata-Mahanadi Coal Block. Thereafter, the Ministry of Coal had invited details of valuation from prior allottee of Coal Block and subsequently, the valuation details were also required to be submitted on affidavit. The said information regarding the development of the Coal Block was submitted on affidavit. This information was sought by the MOC as there is mechanism to transfer of documents & rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. from the prior allottee to successful bidder. The Ministry of Coal has undertaken the process of valuation of the expenditure incurred by prior allottee in those cases where the Ministry of Coal has reallocated Coal Block through Competitive Bidding since March, 2015.

The Machhakata - Mahanadi Coal Block has not been re-allotted to any bidder as on 31st March, 2019 and the Company has not received any communication from the Ministry of Coal regarding the valuation of expenditure incurred by the Company. In view of this, the management is of the opinion that none of the Company's Assets are to be impaired.

The expenses incurred up to F.Y. 2014-15 amounting to Rs. 54,40,70,111/-were shown under other non-current assets in the Balance Sheet. These expenses mainly comprises of Company formation expenses, payment to CMPDIL for purchase of Geological Report, Washability test report, consultancy, Legal & professional charges and various operative expenses incurred for development of the Coal Mine. The Company is of the view that expenses incurred for purchase of Geological report in previous years can be construed as Mine Infrastructure expenses which has been claimed with Ministry of Coal. Government of India.

After cancellation of Coal Block allocation by Hon'ble Supreme Court, MoC had initiated the valuation of the compensation to the prior allottees as per the Coal Mines (Special Provision) Ordinance, 2014. In reply, MGCL informed the expenditure incurred by the Company. Further, MoC has started the valuation process of expenditure of prior allottees wherein re-allocation/vesting order has been issued to the successful bidders. As the Machhakata Coal Block is not yet allocated to any bidder, the MoC has not considered the same for valuation.

The reimbursement of expenditure to the Company may be on the merits as per valuation process and provisions in the Coal Mines (Special Provisions) Ordinance, 2014. Presently, no provision is made in the account for the expenditure which will not be considered by MoC for reimbursement. However, after finalization of valuation process by MoC, the necessary adjustment/provision will be made in the accounts.

III. In respect of MSETCL:

Impairment of Non-financial assets, other than inventories

Cash generating units as defined in Ind AS 36 'Impairment of Assets' are identified at the Balance Sheet date. At the date of Balance Sheet, if there is any indication of impairment and the carrying amount of the cash generating unit exceeds its recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use), an impairment loss is recognized. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed to the extent of increase in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

IV. In respect of MSEDCL:

Impairment of Non-Financial Assets:

Non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

6) Inventories:

I) In respect of MSPGCL:

Stock of materials including stores, spare parts is valued at lower of cost and net realizable value, and cost is determined on weighted average cost method. However, materials and other items held for generation of electricity are not written down below cost since the sale of electricity will be made at or above the cost of generation. Cost comprises of cost of purchase (net of input tax credit receivable) and other costs incurred in bringing them to their present location and condition. Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts.

II) In respect of MSETCL:

Inventories are valued at Lower of cost and net realizable value. The cost of inventories is determined on weighted average basis.

Cost of inventories comprises of cost of purchase and other costs incurred in bringing the inventories to its present location and condition. Inventories are issued on First In First Out (FIFO) basis.

Spares which do not meet the recognition criteria as Property, Plant and Equipment are recorded as inventories.

Obsolete, slow moving and unserviceable stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

III) In respect of MSEDCL:

Inventories having useful life upto one year are valued at lower of weighted average cost and net realisable value.

Loss towards obsolete stores and spares identified on review are provided in the accounts.

7) Borrowing Costs:

I. In respect of MSEBHCL:

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

II. In respect of MSPGCL:

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

III. In respect of MSETCL:

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Interest during construction (IDC) and expenditure (net) allocated to construction as per policy refered at 2.4 above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP. Actual IDC is calculated for schemes where it is possible. In case of remaining scheme, debt equity ratio of 70:30 is considered for calculating of IDC for opening capex as well as capex incurred during the year. FIFO method is followed while considering the capitalization i e first capitalization of asset will be taken place from opening balance of capex. The weighted average rate of interest of each financial institution and banks is applied for calculating IDC.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessary takes a substantial period of time to get ready for its intended use) are capitalized as a part of cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

Capitallization of Borrowing cost ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are completed.

Investment income earned on temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

The associates companies provide depreciation and amortisation on assets based on straight line method (SLM) as per provisions of Part B of schedule II of the Companies Act, 2013.

8) Non Current Assets held for sale:

I. In respect of MSPGCL:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

II. In respect of MSETCL:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, Plant and Equipment and intangible assets classified as held for sale are not depreciated or amortized.

9) Leases:

I. In respect of MSEBHCL:

The Company has adopted Ind AS 116 “Leases” effective from 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated. The

Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing Cash Flows.

II. In respect of MSPGCL:

Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be as was reported under Ind AS 17 in previous year.

For contracts entered into, or changed, on or after 1 April 2019, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset.

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfillment of the arrangement was dependent on the use of a specific asset or assets; and

- the arrangement had conveyed a right to use the asset.

i.) Company as a lessee

The right-of-use asset is depreciated using the straight-line method up to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured at amortised cost.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense.

ii.) Company as a lessor

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116. Hence, in the current year no change whatsoever has been envisaged upon first time implementation of Ind AS 116 and Company has continued the existing accounting treatment in this regard.

III. In respect of MSETCL:

A contract is, or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

Company as a lease

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone of the non-lease components.

The Company recognises right of use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-0f-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of –use asset. The estimated useful life if right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-Use Asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable, impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristic's , the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modification or to reflect revised in-substance fixed lease payments. The Company recognises the amount of re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirement of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessess's incremental borrowing rate as at April 1, 2019. The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The company recognises lease payments received under operating leases as income on straight line basis over the lease term. In case of finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease.

If an arrangement contains lease and non lease components, the Company applies Ind AS 115 Revenue from Contracts with Customers to allocate the consideration in the contract.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospective approach. Accordingly, the Company has not restated comparative information. The lease contracts entered by the Company majorly pertains for Land and buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lesser. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

IV. In respect of MSEDCL:

Lease:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

b) Short-term leases and leases of low-value assets

The Group has elected not to apply the requirement of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value and leases where rent is less than ₹ 10 lakh per month. The lease payment associated with these leases is recognised as an expense over the lease term.

c) As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

10) Government Grant:

I) In respect of MSPGCL:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant which is of revenue nature and relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, the cost of property, plant and equipment is shown at gross value and grant thereon is treated as liability (deferred income) and are credited to statement of profit and loss on a systematic basis over the useful life of the asset.

II) In respect of MSETCL:

a) Government Grant

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected life of related assets and presented within other income

b) Accounting of Maharashtra Energy Development Agency (MEDA) Projects

As per the Government of Maharashtra's policy for promotion of generation of energy from non conventional sources, 50% of cost of such power evacuation project developed by Private Developers shall be borne by the Company and remaining 50% will be reimbursed by MEDA to the developers.

c) Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)

Outright Consumer Contributions received is being treated as follows:

1) If advance is received for expenditures still to be incurred on creation of Fixed Assets , same is treated as Non Current Liabilities till the completion of that Fixed Assets.

2) If contribution is received on account of Supervision Charges only, the same is recognised as Other Income in the year of receipt.

3) If contribution is received on account of already created assets, the same is reduced against that asset in the year of receipt.

III. In respect of MSEDCL:

Government Grant and Consumer Contribution:

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

Government grants relating to income are determined and recognised in the profit and loss over the period they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are presented as Capital Grant in Financial Statements and are credited to profit and loss in a systematic manner over the expected life of the related assets and presented within other income.

Consumer Contributions relating to the purchase/ construction of property, plant and equipment are credited to profit and loss in a systematic manner.

11) Revenue Recognition:

I) In respect of MSEBHCL:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, rebates, and GST and other taxes as applicable for the time being in force. The Company assesses its revenue arrangements against specific criteria i.e whether it has exposure to the significant risks and rewards associated with the sale of goods or rendering of services, in order to determine if it is acting as a principal or as an agent.

a. Interest income –

For all the financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets as fair value though profit or loss, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in ‘finance income’ in the income statement.

b. Dividend income –

Dividend income is recognised when the Company’s right to receive the payment is established.

c. Lease Income –

Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

II) In respect of MSPGCL:

Revenue Recognition:

i. Revenue from Sale of electricity is accounted for based on predefined tariff rates at the beginning of the year as approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Charges and includes unbilled revenues accrued up to the end of the accounting period which is subject to true up process by MERC in the subsequent years.

ii. In terms of Power Purchase Agreement with MSEDCL, Company recognizes Delayed Payment Surcharge @ 1.25% per month towards delay in receipt of energy bills beyond the credit period, on accrual basis.

iii. Interest income is recognised taking into account the amount outstanding and the applicable interest rate.

iv. Sale of fly ash is accounted for based on rates agreed with the customers. Amount collected are kept under separate account head "Fly Ash Utilisation Fund" in accordance with the guidelines issued by MOE&F dated 03-11-2009. The said fund gets utilised to the extent of expenditure incurred for promotion of ash utilization.

v. Other income is recognized on accrual basis. Sale of scrap, reject coal etc. is accounted for when such scrap is actually lifted by the buyer from Company's premises and company prepares invoice towards the said sale transaction. Recoveries on account of Liquidated Damages are adjusted against the cost of project when they are directly identifiable with the project and for mitigating the additional cost of the project in the year it is crystallized. Interest on advance to contractors for projects are adjusted to cost of projectas and when accrued.. In all other cases, liquidated damages are credited to Other Income.

vi. Company recognizes the value of unsold Energy Saving Certificates as at the end of the financial year by crediting to revenue on accrual basis. Upon sale of the said certificates, the adjustment between the accrued value and actual sale value is effected to Profit and Loss Statement in the year of their actual sale.

III) In respect of MSETCL:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates.

Transmission Income

Revenue from Transmission of Electricity received from Distribution Licensees is accounted for based on Monthly Intra State Transmission Tariff Order issued by the Maharashtra Electricity Regulatory Commission (MERC).

Revenue from Operations such as Open Access charges, SLDC Charges, Rescheduling Charges are recognized as per MERC Orders.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Interest Income

Interest income is accounted on accrual basis.

Sale of Scrap

Income from sale of scrap is accounted for on realization basis.

Supervision charges

The supervision charges received from Outright Consumers Contribution is recognised in the year of the collection.

Other Income

Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain.

IV) In respect of MSEDCL:

Revenue Recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

a) Sale of Power:

i. Revenue is recognised to the extent that it is probable that economic benefit will flow to the Group and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

ii. Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers at Tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Cost, if any.

iii. Unbilled revenue accrued up to the end of the financial year is accounted in the books of accounts on estimation basis and includes FAC (Fuel Adjustment Cost), if any.

iv. Bills raised for theft of energy, under section 135 and for unauthorised use of power under section 126 of Electricity Act 2003, whether on consumer or outsiders are recognised in full as soon as assessment is received from the competent authority of the Holding Company.

v. Revenue on account of Delayed Payment Surcharge (DPS) is recognised on accrual basis. Interest from consumers is recognised on principal arrears amount pertaining to last 2 years only. Interest on arrears more than 2 years is recognised on receipt basis instead of accrual basis.

b) **Other Operating Income and Other Income:**

i. **Regulatory Income/Expenses:** The tariff of the Holding Company is regulated by MERC. The Regulatory Assets/Liabilities are being accounted based on principles laid down under Tariff Regulations / Tariff orders as notified by MERC. The recognition of Regulatory Assets/Liabilities is as per Ind AS 114 "Regulatory Deferral Accounts". Any adjustments that may arise on Annual Performance Review / Mid-Term Review by MERC under Multi-Year Tariff Regulations are made after completion of such review.

ii. Sale of scrap is recognised on realisation except scrap sale at the time of transformer repairing, which is accounted on accrual basis.

iii. Interest income on Non-current investments is accounted on accrual basis, using Effective Interest Rate (EIR) method. Interest Income other than Non-current Investments is accounted on accrual basis.

iv. Dividend income is accounted for when the right to receive income is established.

v. Interest Subsidy under National Electricity Fund (NEF) scheme on interest paid on long term loan is recognised in the year of approval.

12) Accounting/classification of expenditure and income:

I. In respect of MSEBHCL:

Prior Period Items includes items of income or expenses which arise in the current period as a result of error or omission in the preparation of financial statements of one or more prior years. These are separately accounted for either by –

a) Restating the comparative amounts for the prior period(s) in which the error occurred, or

(b) When the error occurred before the earliest prior period(s) presented, restating the opening balances of assets, liabilities and equity for that period, so that the financial statements are presented as if the error had never occurred.

Only where it is impracticable to determine the cumulative effect of an error on prior periods, then such effect is corrected prospectively from the earliest date practicable.

II. In respect of MSPGCL:

Accounting/ classification of expenditure and income

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit, if any, are corrected retrospectively.

Insurance claims are accounted on acceptance basis.

All other claims/entitlements are accounted on the merits of each case.

13) Employee Benefits:

I. In respect of MSEBHCL:

Employee benefits:

The Company's post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of deferred compensation and compensated absences.

Under the defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long term employee benefit fund or qualifying insurance policies.

All the expenses excluding re-measurements of the net defined benefits liability (asset), in respect of defined benefit plans are recognised in the profit or loss as incurred. Re-measurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated Absence

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.

The amount charged to the income statement in respect of these plans is included within operating costs.

The Company's contribution to defined contribution plans are recognised in profit or loss as they fall due. The Company has no further obligations under these plans beyond its periodic contributions.

II. In respect of MSPGCL:

Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit & Loss of the year in which related services are rendered by the employees.

Post-employment benefits

a) Defined Contribution Plan

Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust which also manages funds of other group companies. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Statement of Profit and Loss

b) Defined Benefit Plans

Post-employment benefits

Liability towards defined employee benefits like gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

Other long-term employee benefits

Liability towards other long term employee benefits i.e. leave encashment are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

Ex-gratia

Company accrues for the ex-gratia expenditure in the books of accounts as and when the same is declared by the company for its employees.

III. In respect of MSETCL:

Short Term Employee Benefits:

Short term employee benefits are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method based on Actuarial Valuation.

The benefits are discounted using the yields of Corporate Bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

Post- employment benefits:

The Company operates the following post-employment schemes:

(i) Defined Benefit Plans such as gratuity; and

(ii) Defined contribution plans such as provident fund.

Defined Benefit Plan

Liability towards defined employee benefits like gratuity is determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plan

Defined Contribution Plans such as Provident Fund etc. are charged to the Statement of Profit and Loss as incurred. Further for certain employees, the monthly contribution for Provident Fund is made to a separate trust which also manages funds of other group companies.The minimum rate of interest payable by the Trust is in accordance with rate notified by the Government. The Company has an obligation to make good the shortfall, if any.

IV. In respect of MSEDCL:

Employee Benefits:

a) Short term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b) Defined contribution plans:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

c) Defined benefits plans:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

d) Other long term employee benefits:

Benefits under the Group's leave encashment constitute other long term employee benefits.

The Group's net obligation in respect of leave encashment is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of India government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

14) Investments in subsidiaries, Associates and Joint Ventures:

I. In respect of MSPGCL:

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost less accumulated impairment if any and reviewed for impairment at each reporting date.

The Group had elected to recognise its investments in Subsidiaries, associates and joint ventures at the carrying value existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

II. In respect of MSETCL:

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the company's share of the profit or loss of the investee after the date of acquisition. The company's share of the investee's profit or loss is recognised in the company's statement of profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the company's proportionate interest in the investee arising from changes in the investee's other comprehensive income. The company's share of those changes is recognised in the company's other comprehensive income.

The investment in associates is carried at cost as per Ind AS 27. The cost comprises price paid to acquire investment and directly attributable cost.

15) Foreign Currency transactions:

I. **In respect of MSPGCL:**

Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or restatement at the year end of monetary items are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case maybe.

II In respect of MSETCL:

(i) Functional and presentation currency:

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances:

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

16) Cash and Cash Equivalents:

I. In respect of MSEBHCL:

Cash and cash equivalents comprise cash at bank and on hand which are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value. Outstanding bank overdrafts are shown within the borrowings in current liabilities in the statement of financial position and which are considered an integral part of the Company's cash management.

II. In respect of MSPGCL:

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

III. In respect of MSETCL:

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

IV. In respect of MSEDCL:

Cash and Bank Balance includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

17) Taxes on Income:

I. In respect of MSEHCL:

a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity. The Company periodically evaluates positions taken in the tax returns with respect to which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

b. Deferred tax

Deferred tax liability/Asset is provided on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary difference, except –

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will be not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current incomes tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

II. In respect of MSPGCL:

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(a) Current Tax

Current tax is determined as per the provisions of the Income Tax Act, 1961 in respect of Taxable Income for the year, after considering permissible tax exemption, deduction / disallowance. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting. Current tax when provided under the MAT provisions of section 115JB of the Income Tax 1961, the benefit of credit against such payments is available over a period of 15 subsequent assessment years and will be recognized when actually realized.

(b) Deferred Tax

Deferred tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Company has been depositing current tax in the form of MAT and yet to enter in current tax regime. Company recognises MAT credit in the year in which company would exhaust all the accumulated tax losses/ unabsorbed depreciation and the current tax still remains payable. In such event current tax liability would get adjusted to the extent of availability of MAT Credit. Residual Mat Credit if any would get adjusted in such event in subsequent years.

III. In respect of MSETCL:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

IV. In respect of MSEDCL:

Provision for Income Tax consists of current tax and deferred tax. Current Tax is calculated according to prevailing rates of Income Tax. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred tax assets are recognised to the extent that it is probable that taxable income will be available. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. MAT credit, if any, forms part of Deferred Tax Assets.

18) Provisions, Contingent Liabilities, Contingent Assets and Commitments:

I. In respect of MSEBHCL:

a. General - Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b. Contingencies - Contingencies liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

II. In respect of MSPGCL:

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using an appropriate discount rate. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

Contingent assets are not recognised but disclosed if they are above threshold limit in the financial statements when an inflow of economic benefits is probable.

III) In respect of MSETCL:

a) **Provisions -** Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) **Contingencies -** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized. These are reviewed at each Balance Sheet date and are adjusted to refelect the current management estimates.

IV) In respect of MSEDCL:

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the notes to the accounts on the basis of judgement of the management. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

Contingent assets are disclosed where an inflow of economic benefits is probable. A brief description of the nature of the contingent assets, where an inflow of economic benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

Contingent Liabilities in respect of show cause notices received are considered only when they are converted into demands. Payment in respect of such demands, if any is shown as advances.

Contingent Liabilities under various fiscal laws includes those in respect of which the Group/department is in appeal.

19) Fair Value Measurement:

I. In respect of MSEBHCL:

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the level of the fair value hierarchy as explained above.

II. In respect of MSPGCL:

Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

III. In respect of MSETCL:

The Company measures certain financial instruments at fair value at each reporting date.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently that difference is recognized in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or Liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses a valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

IV. In respect of MSEDCL:

Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

20) Financial Instruments:

I. In respect of MSEBHCL:

(i) Financial assets:

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purpose of subsequent measurement financial assets are classified into two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e fair value through profit & loss), or recognised in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- **Cash flow characteristic test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designed at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristic test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investment are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Derecognition

A financial asset (or where applicable, a part of a financial asset or part of group of similar financial assets) is primarily derecognised (i.e removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In case, the Company also recognises an associated liability, the transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost in the financial statements.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivable; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the history observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12- months ECL is used to provide for impairment loss. However, if credit risk has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then then Company reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Expected credit loss has been provided on the Long Term Trade Receivables against rentals from property on the basis of the following slabs to arrive at the time value

No of Days	ECL
0-90 Days	1%
90-180 Days	3.25%
180 & Above	6.5%

(ii) Financial Liabilities:

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payable, maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

II. In respect of MSPGCL:

Financial assets and financial liabilities are recognised when the Groupbecomes a party to the contractual provisions of the instruments. The Groups's financial asset comprise the following

i) Current Financial assets mainly consisting of trade receivables, cash and bank balances, short term deposits

ii) Non-Current financial assets mainly consisting of equity investment in subsidiaries, loans and advances to subsidiaries, long term receivables etc.

Financial Assets

A. Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit or loss.

B. Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets.

The Company classifies financial assets as under;

(a) subsequently measured at amortised cost;

(b) A financial asset is measured

(c) fair value through other comprehensive income; or

(d) fair value through profit or loss

On the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

Investments in equity instruments of subsidiaries, associates and joint venture entities are carried at cost less impairment.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (“ECL”) model for measurement and recognition of impairment loss on the financial assets measured at amortised cost and those carried at FVOCI.

Loss allowances on trade receivables are measured following the ‘simplified approach’ at an amount equal to the lifetime ECL at each reporting date. Based on the assessment of the risk as on the reporting date in comparison with the risk assessment on initial recognition date, Company recognises an impairment loss or gain in expected credit loss provision in the Profit & Loss statement.

Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company’s financial statements) when:

1. The rights to receive cash flows from the asset have expired, or

2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Financial Liabilities

b) Financial liabilities and equity instruments

Classification as debt or equity

An instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities

The Company's current financial liabilities mainly comprise (a) Borrowings, (b) trade payables, (c) liability for capital expenditure, (d) security deposit and (e) other payables

Initial recognition and measurement

All financial liabilities (not measured subsequently at fair value through profit or loss) are recognised initially at fair value net of transaction costs that are directly attributable to the respective financial liabilities. The Company's financial liabilities include trade and other payables, loans and borrowings

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Standalone Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

III. In respect of MSETCL:

Initial recognition and measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cashflow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss.

Debt instruments at amortized cost

A ‘debt instrument’ is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is:

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that

are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)

A 'debt instrument' is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both:

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

Debt instruments at Fair Value through Profit or Loss (FVTPL)

Fair Value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVOCI, is classified as FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognized in the Statement of Profit and Loss.

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income. Dividends on such equity instruments are recognized in the Statement of Profit or Loss. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when-

1. The rights to receive cash flows from the asset have expired, or

2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either:

The Company has transferred substantially all the risks and rewards of the asset, or

The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or assets is determined to have a low credit risk at the reporting date.

The Company had recognized Expected Credit Loss (ECL) on Trade receivables and other financial assets. The ECL primarily comprises of two main factors, viz. Time loss (money value) and Credit loss. Time loss is computed considering an appropriate discount rate. The management believes that the rate used in determining the actuarial valuation of employment benefits is reflective of the loss it suffers due to delays in collection. This rate is reviewed once a year. The Credit loss is calculated on the basis of the credit spread of Corporate Bonds having tenure of 10 years as at the date of the balance sheet.

Trade receivables were categorized into three groups for computing ECL viz.

1) Distribution Licensees (Group Companies and Others),

2) Open Access Consumers (Long term and Short term) and

3) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA). The management has estimated an appropriate credit rating for each of the above three groups.

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held for- trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in Statement of Profit and Loss.

Financial Liabilities at amortized cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

IV. In respect of MSEDCL:

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition:

The Group recognises financial assets and financial liabilities when it becomes a party to a contractual provision of the instruments. All financial assets and liabilities are recognised as fair value on initial recognition. Transaction cost that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added / deducted as appropriate to fair value on initial recognition. Transaction cost related to acquisition of financial assets and financial liabilities that are fair valued through profit and loss are recognised in Statement of profit and loss.

a) Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Group makes an irrevocable election on an instrument-by-instrument basis to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

iii. Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Other financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

For Trade receivables and Other receivable maturing within one year from the Balance sheet date, the carrying amounts approximates the fair value to the short maturity of these instruments and are hence, stated at cost.

EIR is not calculated for interest bearing Financial Assets, which carry market rates bearing interest rates that are subject to reset / change on time to time basis.

iv. Investment in Subsidiary, Joint Ventures and Associates:

Investments in subsidiaries, joint ventures and associates are carried at cost in accordance with Ind AS 27 Separate Financial Statements. These are tested for impairment.

v. Impairment of Financial Asset:

The Group had recognised Expected Credit Loss (ECL) on Trade receivables and other financial assets.

Trade receivables are categorised into four groups for computing ECL viz.1) Government authorities/bodies, 2) Permanent Disconnected consumers, 3) Agricultural consumers and 4) Regular. Based on past experience, practical expedient, segmentation of customers and their aging profile, credit loss is calculated on Trade Receivables including interest. Security deposit available with the Company is reduced on individual customer basis.

The ECL on other receivables and receivables from Group companies are provided to the extent of Time loss only. Time loss is computed on other financial assets considering appropriate discount rate used in determining the actuarial valuation of employment benefit.

vi. De-recognition:

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the Group has transferred substantially all the risks and rewards of the asset, or b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial liabilities:

i. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ii. Financial liabilities:

Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the Effective Interest Rate (EIR) method, except for those which are measured at fair value through profit & loss. For Trade & other payables maturing within one year from the Balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments and are hence, carried at cost. The Group classifies all Borrowings as subsequently measured at “Amortised Cost”

EIR is not calculated for interest bearing Financial Liabilities, which carry market rate bearing interest rates that are subject to reset/change on time to time basis.

ii. De-recognition:

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

c) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

21) Trade Receivable:

In respect of MSPGCL:

Company classified Trade Receivable as the financial instruments at amortised cost. Trade receivables are carried at original invoice amount less provisions for Expected Credit Loss. For recognition of impairment loss on these financial assets, the CompanOy assesses whether there has been a significant increase in the credit risk since initial recognition.

22) Prior Period Items:

I. In respect of MSTECL:

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

II. In respect of MSEDCL:

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

No restatement of prior period is made where the prior period errors are below the threshold of 0.5% of the turnover (As defined under Section 2(91) of the Companies Act, 2013).

23) Earnings per share:

The Company’s earnings per share (EPS) is determined based on the net profit attributable to the shareholders’ of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year.

For the purpose of calculating EarningsPer Share, the share application money pending allotment, in terms of the commitment from Government of Maharashtra through the Holding company, has been considered as confirmed allotment.

Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options (using the treasury stock method for options), except where the result would be anti- dilutive.

24) Cash Flow Statement:

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (Ind AS) 7 on ‘Statement of Cash Flow’. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

25) Accounting of Losses on account of flood, fire, cyclone etc.:

I. In respect of MSEDCL:

The loss on account of flood, fire, cyclone, loss to fixed asset etc is recognized by making provision on the basis of available information. Excess/short provision, if any is recognized on approval from Competent Authority.

26) Changes in accounting policies and Disclosures

I. In respect of MSETCL:

New and Amended Standards

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which has been applicable from April 1, 2020.

Note 2

Property, Plant And Equipment

(Rs. in Crores)

	Land (Including Development)		Buildings		.									
Particulars	Leasehold Land	Freehold Land	Factory Buildings	Others	Hydraulic Works	Railway Sidings	Roads and Others	Plant, Machinery & Equipments	Lines & Cable Networks	Vehicles	Furniture & Fixtures	Office Equipments	Capital Expenditure resulting in Assets not belonging to the Company	Total Tangible Assets
As per Annual accounts as at 01.04.2018	**434.74**	**12,676.36**	**883.48**	**4,922.81**	**2,513.22**	**1,458.94**	**1,681.21**	**62,012.95**	**47,321.08**	**34.66**	**126.28**	**185.46**	**57.49**	**134,308.69**
Addition	22.06	54.45	8.99	137.87	45.00	16.85	104.05	3,589.61	3,450.01	2.36	6.75	62.13	-	7,500.14
Deduction/ Adjustments	-0.54	2.71	1.94	1.19	3.33	0.00	0.61	371.31	3.85	0.80	0.03	1.24	-	386.48
As per Annual accounts as at 31.03.2019	**457.35**	**12,728.10**	**890.53**	**5,059.49**	**2,554.89**	**1,475.79**	**1,784.66**	**65,231.26**	**50,767.24**	**36.22**	**133.01**	**246.35**	**57.49**	**141,422.36**
Addition	0.11	23.16	1.13	36.21	38.47	3.85	207.43	2,792.26	2,942.83	7.32	5.15	13.60	-	0.00
Deduction/ Adjustments	120.78	1.66	7.89	5.42	78.01	-0.56	4.71	822.75	-78.33	1.60	1.07	9.50	-	0.00
As per Annual accounts as at 31.03.2020	**336.67**	**12,749.60**	**883.78**	**5,090.28**	**2,515.35**	**1,480.20**	**1,987.38**	**67,200.77**	**53,788.39**	**41.94**	**137.09**	**250.45**	**57.49**	**141,422.36**
Accumulated Depreciation and impairment														
As per Annual accounts as at 01.04.2018	**51.49**	**-**	**41.23**	**790.05**	**345.65**	**123.88**	**179.35**	**8,260.44**	**7,281.25**	**3.74**	**26.66**	**41.77**	**12.78**	**0.00**
Addition	8.20	-	22.18	196.44	226.76	83.52	98.84	4,274.75	2,333.43	3.08	7.43	15.82	4.54	0.00
Deduction/ Adjustments	-	-	1.75	0.76	3.00	0.00	0.00	320.56	1.83	0.72	-0.19	-5.07	-	0.00
As per Annual accounts as at 31.03.2019	**59.70**	**-**	**61.66**	**985.74**	**569.41**	**207.40**	**278.19**	**12,214.63**	**9,612.84**	**6.10**	**34.28**	**62.66**	**17.32**	**0.00**
Addition	8.28	-	36.72	200.45	134.27	67.92	88.65	3,724.70	2,525.02	3.46	7.72	17.22	4.54	0.00
Deduction/ Adjustments	0.01		7.10	5.86	70.14	-0.34	4.24	669.42	-25.80	1.42	0.86	1.96	-	0.00

As per Annual accounts as at 31.03.2020	**67.96**	**-**	**91.28**	**1,180.33**	**633.54**	**275.65**	**362.60**	**15,269.91**	**12,163.67**	**8.14**	**41.13**	**77.91**	**21.86**	**0.00**
As at 1st April 2018	383.25	12,676.36	842.26	4,132.76	2,167.57	1,335.06	1,501.87	53,752.51	40,039.83	30.93	99.62	143.70	44.70	117,150.41
As at 31 March 2019	397.65	12,728.10	828.87	4,073.75	1,985.48	1,268.39	1,506.47	53,016.63	41,154.39	30.12	98.73	183.69	40.16	117,312.44
As at 31 March 2020	268.71	12,749.60	792.50	3,909.95	1,881.81	1,204.55	1,624.78	51,930.86	41,624.72	33.81	95.95	172.54	35.63	116,325.39

2.1) On transition to Ind AS, MSEBHCL has opted to continue with the carrying value of all Property, Plant and Equipment recognised as at 1st April 2015 measured as per previous Generally Accepted Accounting Principles (GAAP) specified in Companies(Accounting Standards) Rules 2006 notified by the Central Government and other provisions of the Companies Act 1956 and use that carrying value as the deemed cost of the property, plant and equipment.

2..2)) The fixed assets appearing in the books of the Company have been transferred from erstwhile MSEB as per the FRP but has not yet been transferred in the names of MSEBHCL. However the same are considered to be owned by the Company. Depreciation for the year, has been calculated and charged to revenue account on the basis of nomenclature of overall Gross Block for each type of asset available with the company.

2.3) The exact date of asset put to use could not be obtained from erstwhile MSEB/GOM , instead the year in which the asset has been put to use has been made available.The depreciation for the first year has been calculated as if the asset has been put to use on 1st April of the relevant financial year.

2 .4) On Finalisation of FRP the value of Assets have been increased by Rs. 13,967,512,030/- and Equity has been issued to the GOM against the same. The respective assets have been valued according to the valuation received from GOM and depreciation on the same has been calculated based on the remaining useful life of the assets.

2.5) Physical Verification of Assets had been conducted by the Management during the financial year 2010-11. The Company has also compiled Fixed Asset Register from the date of restructuring i.e 06-06-2005 till the end of current financial year. All records relating to Opening Balances as appearing in the Asset Register to the extent received from erstwhile MSEB had been reconciled at the time of physical verification. The asset wise details of cost of assets , its valuation as on 05-06-2005 and written down values as per the asset register have also been reconciled with the opening balances incorporated in Accounts.

2.6) Sale deed specifying the cost of Land & Building at Dharavi purchased by erstwhile MSEB in May 1981 is yet to be registered. However the Land & Building is in the possession of MSEBHCL and as per the BMC directives , interest @14% on balance amount of sale consideration Rs 9,041,427/- towards cost of Dharavi Building being paid monthly basis. The matter is sub-judice at Bomabay High Court.

Note 2 A :

Right to use of Asset

Particulars	**(Rs. in Crores)**
As per Annual accounts as at 01.04.2018	-
Addition	-
Deduction	
As per Annual accounts as at 31.03.2019	-
Addition	4,779.68
Deduction	-
As per Annual accounts as at 31.03.2020	4,779.68
Accumulated Amortisation	
As per Annual accounts as at 01.04.2018	
Addition	
Deduction	
As per Annual accounts as at 31.03.2019	-
Addition	288.53
Deduction/Adjustments	
As per Annual accounts as at 31.03.2020	288.53
Net Carrying Amount	
As at 31 March 2020	4,491.14
As at 31 March 2019	

-

Note 2 B

Capital Work in Progress

(Rs. in Crores)

Particulars	CWIP - Freehold Land	CWIP - Factory Buildings	CWIP - Other Buildings	CWIP - Roads & Others	CWIP - Plant & Machinary	CWIP - Vehicles	CWIP - Furniture & Fixtures	CWIP - Office equipment	TOTAL Tangible CWIP
As per Annual accounts as at 01.04.2018	**14.49**	**532.11**	**3,276.50**	**28.30**	**3,012.28**	**-0.00**	**0.00**	**1.55**	**6,865.21**
Addition	-	96.79	2.86	48.70	1,557.53	0.00	-0.01	0.56	1,706.44
Deletion	-	99.51	0.12	3.18	1,741.24	0.00	-0.01	1.16	1,845.20
As per Annual accounts as at 31.03.2019	**14.49**	**529.38**	**3,279.25**	**73.82**	**2,828.57**	**-0.00**	**0.00**	**0.95**	**6,726.45**
Addition		580.92	1,477	46.89	2,201.49	-	1.18	0.56	4,307.65
Deletion	13.46	96.95	2.35	9.81	1,210.11	-	-	0.56	1,333.24
As per Annual accounts as at 31.03.2020	**1.03**	**1,013.36**	**4,753.50**	**110.90**	**3,819.95**	**-0.00**	**1.18**	**0.95**	**9,700.86**
Net Capital Work in Progess									-
	-								-
As per Annual accounts as at 31.03.2019	**14.49**	**529.38**	**3,279.25**	**73.82**	**2,828.57**	**-0.00**	**0.00**	**0.95**	**6,726.45**
	-								-
As per Annual accounts as at 31.03.2020	**1.03**	**1,013.36**	**4,753.50**	**110.90**	**3,819.95**	**-0.00**	**1.18**	**0.95**	**9,700.86**

Note 2 C :

Other Intangible Assets

(Rs. in Crores)

Particulars	**Software Licences**
As per Annual accounts as at 01.04.2018	103.89
Addition	17.99
Deduction	
As per Annual accounts as at 31.03.2019	121.89
Addition	1.25
Deduction	0.21
As per Annual accounts as at 31.03.2020	122.93
Accumulated Amortisation	
As per Annual accounts as at 01.04.2018	90.11
Addition	17.80
Deduction	1.66
As per Annual accounts as at 31.03.2019	106.25
Addition	6.53
Deduction/Adjustments	-0.86
As per Annual accounts as at 31.03.2020	113.64
Net Carrying Amount	-
As at 31 March 2020	9.29
As at 31 March 2019	15.64

-

Note 2 D :

Intangible Assets Under Development

Particulars	(Rs. In Crores)
As at 31.03.2018	**144.09**
Addition	1.21
Deletion	-
As at 31.03.2019	**145.30**
Addition	0.17
Deletion	
As at 31.03.2020	**145.47**
Net Capital Work in Progess	
Less:- Provision for obsloescence	
As at 31.03.2019	
As per Annual accounts as at 31.03.2019	**145.30**
As at 31.03.2020	
As per Annual accounts as at 31.03.2020	**145.47**

Note 3: Non Current Assets: Investments in Subsidiaries, associates and joint ventures

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Investments in Subsidiaries, associates and joint ventures		
Unquoted at Cost		
A) Equity Instruments of Subsidiary		
Kharghar-Vikroli Transmission Private Ltd (Refer Note No. 51(3B)	0.05	0.00
(No of shares : 50000 of Rs. 10 Each, Previous Year: Nil)		
Investments in Associates		
Unquoted - At Cost		
Jaigad Power Transco Limited (JPTL)	33.05	30.36
(No of shares : 35750000 of Rs. 10 Each , Previous Year: 35750000 of Rs. 10 Each)		
Share of Profit & Loss of Associates accounted for using the equity method, Netof tax in JPTL	7.32	6.27
Reduction in Carrying Investment due to Dividend Received	0.00	-3.58
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	0.00	2.95
(No of Shares : 8648222 of Rs. 10 each , Previous Year 6148222 of Rs. 10 Each which includes Bonus shares issued during the year F.Y.2018-2019 21,72,242 (Nos) (Note No. 3.1 and 3.2)		
Additional investment in equity made during the year	2.50	0.00
Bonus shares 21,72,242 (Nos) issued during the FY 2018-19		
Share of Profit & Loss of Associates accounted for using the equity method, Netof tax in MTCIL	-2.50	-2.91
Share of Other comprehensive income of Associates accounted for using the equity method, net of tax in MTCIL	-0.00	-0.04
15% Non-Cumulative, Participating, Redeemable Preference Shares		
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)		
(No of Shares :7723726 of Rs. 10 each, Previous Year 52,23,726 of Rs.10 each)	5.19	5.22
Additional investments in Preference Shares made during the year	2.50	0.00
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in MTCIL	-1.21	-0.03
UCM Coal Co. Ltd 30,000 Equity Shares of Rs 10 each fully paid up	-0.39	-0.45

Chhattisgarh KatghoaraDongargarh Railway Limited 520000(P.Y. 5200000) Equity shares of Rs. 10 each fully paid up	0.52	0.52
Quasi Equity investment in subsidiaries(in the nature of advances)	5.32	5.32
Less : Allowance for Expected Credit Loss & impairment in the value of investment	-49.17	-48.01
Total	**3.18**	**-4.39**
Aggregate Cost of Unquoted Investments	3.18	-4.39
Aggregate Cost of Quoted Investments	--	--
Aggregate Market Value of Quoted Investments	--	--

3.1. Company's share of losses in MTCIL for FY 2019-20 amounts to Rs. 386.41 lakhs. These losses exceed the investment value in equity in the consolidated books of the company. Hence the Company's share of losses for the FY 2019-20 is restricted to the carrying value of investment in equity (Rs. 265.63 lakhs) and the balance loss of Rs.120.79 Lakhs remains are recognized against Investment in Preference Shares as at March 31, 2020 (Rs.769.31 lakhs)

3.2. Company's share of losses in Associate are adjusted first against Investment inEquity and remaining losses are adjusted against Investment in Preferences Shares.

Note 4: Non Current Assets: Financial Assets: Investments

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Quoted		
At amortised Cost		
Investments in Government Securities(Note No. 4.1)	547.77	283.49
Investments in Bonds(Note No. 4.1)	255.87	434.68
Un-Quoted		
Investment in Equity Shares of MTCIL(Note No. 4.2)	0.16	0.00
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in MTCIL	-0.16	0.00
Investment in Preference Shares of MTCIL(Note No. 4.2)	1.08	0.00
Term Deposit	52.65	40.53
II) Investments In Bonds at Amortised Cost		
Quoted		
Bonds (Earmarked against Contingency Reserve)		
8.15% Govt-FCI Bond 2022	10.49	10.49
[1050000 bonds of Face Value of Rs.100/-]		

8.01% Govt-Oil Bond-2023	19.38	19.36
[(1950000 bonds of Face Value of Rs.100/- each]		
8.03% Govt-Food Bond-2024	9.93	9.92
[1000000 bonds of Face Value of Rs.100/- each]		
8.23% Govt-Food Bond-2027	9.97	9.97
[1000000(1000000) bonds of Face Value of Rs.100/- each]		
8% Oil Bond 2026	51.31	51.47
[5000000 bonds of Face Value of Rs.100/- each]		
8.28% GOI 2032	26.85	26.84
[2700000(2700000) bonds of Face Value of Rs.100/- each]		
8.30% GOI 2040	28.74	28.74
[2900000(29000000) bonds of Face Value of Rs.100/- each]		
9.45% Power Finance Corporation 2026	28.95	28.94
[290(290) bonds of Face Value of Rs.1000000/- each)		
8.56% Rural Electrification Corporation Limited Bonds 2028	10.22	0.00
[100 Bonds of Face Value of Rs. 1000000/-each)		
8.37% Rural Electrification Corporation Limited Bonds 2028	89.14	0.00
[880 Bonds of Face Value of Rs. 1000000/-each)		
8.25% Power Finance Corporation 2034	1.99	0.00
[20 Bonds of Face Value of Rs.1000000/- each]		
8.29% Rural Electrification Corporation Limited Bonds 2034	1.00	0.00
[10 Bonds of Face Value of Rs. 1000000/- each]		
8.80% Rural Electrification Corporation Limited Bonds 2029	25.73	0.00
[250 Bonds of Face Value of Rs. 1000000/- each]		
Ratnagiri Gas & Power Private Limited442,226,131(P.Y 442,226,131) shares of Rs. 10 each)(Note No :4.3)	0.00	0.00
Kokan LNG Limited 74,053,869 (P.Y.74,053,869)shares of Rs. 10 each. (Note No:4.4)	0.00	0.00
Total	**1,171.07**	**944.43**

Aggregate Cost of Unquoted Investments	53.73	40.53
Aggregate Cost of Quoted Investments	1,117.34	903.90
Aggregate Market Value of Quoted Investments*	1144.827	917.810
(Market Value of Bonds not available and therefore the cost has been considered)		

4.1. Earmarked against Contingency Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency.

4.2. During the year, Investment in Equity Shares (Rs 15.63 lakhs) and Preference Shares (Rs 108.09 lakhs) of MTCIL has been made, which have been subsequently allotted on 23 April 2020.

4.3. Investment in Ratanagiri Gas & Power Pvt. Ltd Rs. 516.28 crores (P.Y Rs. 516.28 crores): RGPPL carried out an impairment study for Fixed Assetsthrough KPMG. They submitted their final report on 13.05.2017, as follows:

Scenario 1 –

	Amt (in crores)
Equity Value	(3,355)
Impairment of Fixed Assets	(2,241.3)

Scenario 2 – Considering potential loan restructuring

	Amt (in crores)
Equity Value	750.10
Impairment of Fixed Assets	(2241.3)

As on 31.03.2017 details of equity holding is as under:

Name of Shareholder	Amount (in crores)
NTPC Limited	974.31
GAIL (India) Limited	974.31
MSEB Holding Company Limited	516.28
IDBI Bank Limited	481.68
State Bank of India	383.36
ICICI Bank Limited	340.51
Canara Bank	82.21
IFCI Limited	67.61
Total	**3,820.27**

Indicators impacting RGPPL for Impairment assessment

External Indicator – asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use. There is indication of decline in assets value as neither Power Plant nor LNG terminal are working at their installed capacity from last 10 years.

Significant decline in net worth of the company:

RGPPL has incurred losses during last few years which has resulted in erosion of net worth of the company. Net worth of the company has been reduced by 622 crores and 913 crores from March 15 to March 16 and March 16 to March 17 respectively.

Amount in INR

Particulars	March 31,2017	March 31,2016
Share Capital	38,203	38,203
Reserves & Surplus	-44,816	-35,680
Total	**-6,613**	**2,523**

Also as per their report the Fair Value of Equity is Rs 3,355 crores negative.

Based on above, it can be inferred that the fair value of the investment as at 1stApril 2015 was considered to be Nil.

4.4 The Demerger Scheme of Ratanagiri Gas and Power Private Limited (RGPPL) has been approved by NCLAT vide order dated 28th February, 2018 with Appointed Date as 1st January, 2016 thereby transferring the LNG undertaking from RGPPL to Konkan LNG Private Limited(KLPL).

Consequent on approval of the demerger by NCLAT and upon the Scheme becoming effective, existing issued/paid up equity share capital of MSEB Holding Company Ltd was reduced to Rs. 442.23 Crs (consisting of 44,22,26,131 shares of Rs. 10/- each).

Accordingly a sum of Rs. 74.05/- Crs. (74,053,869 Equity shares of Rs. 10/-each) was transferred to investment in KLPL.

In order to comply with provision of Ind AS 109, the fair value of investment in RGPPL was considered to be NIL on 1st April 2015. On same basis the fair value of investment in Kokan LNG Private Ltd has also been taken to be Nil as on 31st March 2020.

Note 5: Non-Current: Financial Assets: Loans

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured , considered good unless stated otherwise		
Loans and advances to Employees	1.54	2.27
Total	1.54	2.27

Note 6: Non Current: Financial Assets: Other Assets

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposits		
(a) Considered Good-Unsecured (Note 42 (D)(1) (I)(a)(v))	485.51	457.09
(i) Maharashtra Electricity Regulatory Commission	270.61	199.32
(ii) Court Authorities	1.11	1.60
(b) Significant increase in Credit Risk		

Other Deposit	22.16	18.78
Less Provision for Doubtful deposits	-12.57	-12.00
Receivable from Government of Maharashtra (Note 45 (D)(a))	66.86	64.06
Total	**833.68**	**728.85**

Note 7: Non Current Tax Asset(NET)

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Income Tax	814.50	535.16
Less: Provision for Taxes	-350.56	-78.85
Total	**463.94**	**456.31**

Note 8: OtherNon Current Assets

Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Advances (Unsecured ,Considered Good)		
Capital Advances	5.41	4.94
Unamortised transaction cost	0.57	0.82
Security Deposits	36.46	70.19
Advances for O&M Supplies / recoverable	383.16	254.41
Less:- Provision for doubtful debts	-254.11	-167.79
Advance to Irrigation Department Government of Maharashtra	76.21	76.21
Less:- Allowance for Expected Credit Loss	-76.21	-76.21
Advance Tax (net of provisions)(Note No 8.1)	427.48	466.03
Income Tax paid under protest	19.17	19.17
Staff Advance	0.88	1.95
Capital advances	318.98	307.39
Deferred Lease Rent	0.00	751.16
Claims Receivable under MVAT Refund Account	54.41	54.41
Deposit with Ratanagiri Gas Power Private Limited (Note 42 (D)(1)(I)(a)(iii)(A)(c)	181.01	181.01
i) Capital Advance	187.84	241.14
ii) Other	16.98	7.57
Related Parties (Note No 8.2)	225.78	132.47
Advances receivable in cash or in kind or for value to be received. (Advance to Supplier)	10.83	12.22
Less: Provision for Doubtful Advance	-0.20	0.00

Other Deposits	0.02	0.02
Fixed Deposits	11.67	0.00
Total	**1,626.34**	**2,337.11**

8.1 The Company has shown advance tax of Rs. 1,602,393,605/- (P.Y Rs. 1,520,434,096) net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and Income tax Paid under Protest of Rs. 191,700,081/- previous year and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books are as per companies judgement only.

8.2 Loans and Advances to related parties– MSEDCL of Rs. 36,904,713,950/-(P.Y. Rs. 36,967,778,922/-) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 2,070,553,130,/- which are under reconciliation, discussions and deliberations.

Note 9: Current Assets: Inventories

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Stores and Spares	759.57	584.89
Less: Provision for Material Losses Pending Investigation &Obsolete Materials	-31.56	-30.57
Raw materials (Coal)	998.38	665.36
Fuel Oil, LDO etc	230.82	218.67
Stock-in-transit (Coal)	78.12	36.09
Stores and Spares	924.30	887.41
Less : Provision for Obsolescence of stores and spares	-436.89	-350.60
Less : Provision for material shortage pending investigation	-31.70	-39.05
Total	**2,491.04**	**1,972.20**

Note 10: Current Assets: Financial Assets: Investments

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
At amortised Cost		
Investments in Bonds (Note 10.1)	15.06	24.57
Unquoted		
Term Deposits	413.24	105.66
Total	**428.30**	**130.23**

Note 10.1 Earmarked against Contingency Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency.

Aggregate Cost of Unquoted Investments	413.24	105.66
Aggregate Cost of Quoted Investments	15.06	24.57
Market value of Quoted Investments	15.70	24.65
Aggregate amount of impairment in the value of investments	--	--

Note 11: Current Assets:Financial assets: Trade Receivables

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured unless stated otherwise		
Considered Good	**4,740.02**	**5,234.73**
- Allowance for Expected Credit Loss	0.00	0.00
Considered Doubtful	**156.30**	**164.87**
- Allowance for Doubtful	-156.30	-164.87
Unsecured considered good		
Others (Debts not exceeding six months)	0.03	0.04
(a) Secured & Considered good (Note 54 (5) (II)(i)(a))	4,464.60	784.37
(b) Unsecured & Considered good:		
Receivable from Government of Maharashtra towards subsidy / Grant etc	3,094.23	786.04
(ii) Other	8,576.39	11,140.25
Less: Allowance for Expected Credit Loss **(Note 54 (5) (II)(i)(a))**	-379.64	-1491.87
(c) Significant increase in Credit Risk	14,865.80	10,912.43
Less: Allowance for Expected Credit Loss **(Note 52 (5) (II)(i)(a))**	-1,061.26	-2,364.43
(d) Credit Impaired	3,360.93	658.65
Less: Allowance for Expected Credit Loss **(Note 52 (5) (II)(i)(a))**	-3,360.93	-658.65
Total	**34,300.17**	**25,001.56**

Note 12: Current Assets: Financial assets: Cash & Cash Equivalent

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks	1,705.88	488.18
Demand Deposits with Banks with original maturity less than 12 months (Note No. 52 (4)	716.81	836.32
Cash and Stamps on Hand	1.10	0.43
Cash with Collection Centers	0.26	5.26
Cheques/ Drafts on hand	0.31	0.45

Other Bank Balances		
In earmarked Deposit accounts with original maturities less than 3 months *	28.71	39.98
Total	**2,453.07**	**1,370.62**

* includes unutilised funds of integrated Power Development (IPDS) , Din Dayal Upadhyay Gramin Jyoti Yojana (DDUGJY), RPO Fund & Solar AG pump, deposited with Banks.{Note 54 (19)}.

Note 13: Current Assets: Financial assets: Loans

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured : considered good		
Loans & Advances to Employees	10.74	13.28
Loans to related parties		
Unsecured : considered good		
(a) Maharashtra State Electricity Transmission Co Limited	0.07	15.72
(b) Maharashtra State Power Generation Co Limited	0	0
Less: Loss Allowance (Note 54 (5)(II)(i)(b))	0	0
Total	**10.81**	**29.00**

Note 14:Current Assets: Financial assets: Others

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured, Considered Good		
Security Deposits Received from Suppliers/ Contractors **(Note No. 14.1)**	0.06	0.07
Interest Receivable	38.53	28.53
Other Receivable	1.18	0.00
Recoverable from employees	5.42	4.48
Unbilled Receivables	2,424.68	2,617.19
Receivable under MVAT refund account	96.67	114.30
Rent Receivable	0.12	0.13
Claims receivable	124.10	123.07
Deposit paid by Mahagenco to Related Party	4.94	4.28
Stock of Energy Saving certificates	1.96	0.00
Recoverable from Contractors, Deposits paid by Mahagenco	34.70	43.43
Unbilled Revenue	1,183.70	2,196.13

Less: Allowance for Expected Credit Loss **(Note 54 (5)(II)(i)(a))**	-23.67	-412.40
Considered Good - Unsecured	587.15	486.27
Less: Allowance for Expected Credit Loss **(Note 54 (5)(II) (i)(a))**	-12.67	-41.57
(ii) Significant increase in Credit Risk	9,000.28	13,776.48
Less: Allowance for Expected Credit Loss **(Note 54 (5)(II) (i)(a))**	-212.48	-1,256.81
(iii) Credit Impaired	1,790.69	789.41
Less: Allowance for Expected Credit Loss **(Note 54 (5)(II) (i)(a))**	-1790.69	-789.41
Less: Deferred Interest	-2,814.93	-5,877.50
Interest accrued	38.71	31.32
Subsidy & Grant Receivable	95.85	927.03
Considered Good	16.57	14.80
Considered doubtful	10.37	10.56
Less Provision for Doubtful Advance	-10.37	-10.56
Other Receivables	27.11	16.63
Amounts receivables from other State Electricity Boards	92.77	92.77
Less: Provision for Doubtful Advances	-92.77	-92.17
Total	**10,617.98**	**12,796.46**

Note No. 14.1 Security Deposit are held in the name of Contractor.

Note 15: Current Assets: Financial assets: Other Current Assets

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured, Considered Good		
Prepaid Expenses	90.62	78.12
Interest on Refund from Income Tax	0.00	0.02
Unamortised transaction cost	0.13	0.00
Other Recoverable		
Considered good	1.13	1.00
Considered doubtful	1.49	1.49
- Provision for Doubtful Debts	-1.49	-1.49
Prepaid Expenses	48.87	38.09
Advances for O & M supplies / works	313.38	589.63
Advances for coal / fuel supplies	724.04	787.57
Less:- Allowance for Expected Credit Loss	-130.75	-130.75

Income accrued and due on Investment	0.52	0.61
MVAT receivable	124.72	127.61
GST Receivable	0.02	0.00
Total	**1,172.68**	**1,491.90**

Note 16: Assets Classified As held for Sale

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Assets classified as held for sale	283.16	278.93
Total	283.16	278.93

Note 16.1: Operations of the power generating unit no. 5 at Koradi TPS & unit no. 3 at Parali TPS Chandrapur 1 & 2 , Bhusawal unit no. 2 have been discontinued. The company is in the process of disposing of these assets. The Company has reclassified the said assets as assets held for sale. No impairment loss has been recognised on reclassification as the Company expects that the fair value (estimated based on the recent market prices of similar properties) less costs to sell is higher than it's carrying amount as on 31st March, 2020.

Note 17: Regulatory Assets

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Regulatory Assets (Note 54(6))	17,430.35	8,983.74
Total	**17,430.35**	**8,983.74**

Note 18: Share Capital

(Amt in Crores)

Particulars	As at 31 March,2020		As at 31 March, 2019	
	Number of shares	Amount	Number of shares	Amount
A) Authorised Share Capital				
99,000,000,000 (P.Y 99,000,000,000) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each	9900.00	99000.00	9900.00	99000.00
B) Issued, Subscribed & Paid up Capital				
89,109,711,502(P.Y 88,940,226,502) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each fully paid up.	8910.97	89109.71	8894.02	88940.23
	8910.97	**89109.71**	**8894.02**	**88940.23**

a) Details of the shareholders holding more than 5% of the Capital

(Amt in Crores)

Name of the Shareholder	As at 31 March,2020		As at 31 March, 2019	
	Number of shares	% of Total Paid up Capital	No. of shares held	% of Total Paid up Capital
Gov of Maharashtra and its nominees	8,910.97	100%	8,894.02	100%
	8,910.97	**100%**	**8,894.02**	**100%**

b) Reconciliation of number of shares outstanding at the beginning and at the end of reporting year/period:

(Amt in Crores)

Name of the Shareholder	As at 31 March,2020	As at 31 March, 2019
	Number of shares	Number of shares
Shares outstanding at the beginning of the year	8894.02	8808.65
Shares issued during the year	16.95	85.37
Shares bought back during the year	--	--
Shares outstanding at the end of the year	8910.97	8894.02

c) **Details of Issued, Subscribed & paid up capital during the year.**

169,485,000 Equity shares of Rs. 10/- each were allotted on 18-06-2019.

Consideration for issue of 169,485,000/- shares amounting to Rs. 1,694,850,000/- was directly paid by GOM to Subsidiary company MSEDCL Rs.1,096,650,000/- and MSPGCL Rs.59,82,00,000/- as per GR issued by GOM

d) **Rights, Preferences and restrictions attaching to each class of shares**

The Company has only one class of Equity Shares having par value of Rs. 10 per share.

e) **Shares in respect of each class in the Company held by its Holding Company or its ultimate holding Company including shares:**

Not applicable.

f) **Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts.**

Not applicable.

g) Aggregate number of bonus shares issued, shares issued for consideration other cash and shares bought back during the period of five years immediately preceding reporting date.

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
i) Equity Shares allotted as fully paid up Bonus Shares	NIL	NIL	NIL	NIL	NIL
ii) Equity Shares issued for consideration other than cash	NIL	NIL	NIL	NIL	76,750,709,863

h) **Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date.**

Not Applicable

i) **Calls unpaid (showing aggregate value of calls unpaid by directors and officers).**

Not Applicable

j) **Forfeited Shares (amount originally paid up)**

Not Applicable

Note 19: Other Equity

(Rs in Crores)

Particulars	Share application money pending allotment	Retained Earnings	Statutory Reserve Fund	Other Equity	Special Reserve	Contingency Reserve	Load Despatch centre powerment Reserve	Total Other Equity	Total Attributable to Owners of the Company	Attributable to Non-controlling Interest	Total Other Equity
As at 01-04-2018	**37.00**	**-34,915.37**	**577**	**25.21**	**139.39**	**495.25**	**-**	**-33,641.52**	**-33,663.19**	**21.67**	**-33,641.52**
Add profit for the year	-	-4,755.50	-	-	-	-	-	-4,755.50	-4,754.43	-1.08	-4,755.50
Other Comprehensive Income	-	-253.87	-	-	-	-	-	-253.87	-253.87		-253.87
Additions during the year	-	-	-	1.12	-	66.81	40.53	108.46	107.35	1.11	108.46
Deductions during the year	-37.00	-107.34	-	-	-	-	-	-144.34	-144.34	-	-144.34
As at 31-03-2019	**0.00**	**-40,032.08**	**577**	**26.33**	**139.39**	**562.06**	**40.53**	**-38,686.77**	**-38,708.48**	**21.71**	**-38,686.77**
Add profit for the year	-	-1,190.24	-	-	-	-	-	-1,190.24	-1,189.31	-0.93	-1,190.24
Other Comprehensive Income	-	-289.90	-	-	-	-	-	-289.90	-290.65	0.75	-289.90
Additions during the year	187.82	-	-	0.74	-	65.97	22.70	277.24	277.24	-	277.24
Deductions during the year	-123.82	-88.67	-	-	-	-	-10.58	-223.08	-223.08	-	-223.08
As at 31-03-2020	**64.00**	**-41,600.90**	**577**	**27.07**	**139.39**	**628.03**	**52.65**	**-40,112.75**	**-40,134.28**	**21.53**	**-40,112.75**

Note : Nature and purpose of :

a) Contingency Reserve Fund-

A contribution towards Contingency Reserves has to be made in accordance with Regulation 36 of MERC(MYT) Regulations, 2011 and which is within the prescribed limits of Regulation (not less than 0.25% and not more than 0.5% of the original cost of fixed assets annually) and is to be invested in the approved class of securities authorised under the Indian Trust Act, 1882.

b) Special Reserve Fund –

A contribution towards Special Reserves has to be made in accordance to the mechanism for sharing of gains or losses on account of controllable factors as per MERC Regulation ,2005. As per the regulation 19.1(b) one third of the amount of such gain ia to be retained in a special reserve for the purpose of absorbing the impact of any future losses on account of controllable factors.

c) Load Despatch Center Empowerment Reserve (LDCD)-

A contribution towards Load Despatch Center Development Fund has been made in accordance with Regulation 12 of the CERC (Fees and charges of RLDC and other related matters) 2015. The said Fund is to be utilised for administering Capital expenditure. The charges on account of return shall Be deposited into the LDCD Fund after meeting the statutory tax quirements.

Note 20: Non Current Liabilities: Financial Liabilities: Borrowings

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Secured		
Term Loans from Banks	10,381.09	6,366.69
Term Loans from Other Parties (Note No. 53(16))	4,466.25	4,812.45
Term Loan From Financial Institutions		
Rural Electrification Corporation *	21,574.20	19,263.00
Power Finance Corporation *, (Note 54 (20))	2,496.26	4,357.40
Term Loan From Financial Institutions	20,524.27	20,547.10
Unsecured Loans		
Term Loan From Financial Institutions		
Term Loan From CSS EPL Baramati Project	182.79	191.39
Loan from World Bank	276.82	266.62
Loan from KFW	306.70	381.18
Unsecured - at amortized cost		
District Central Cooperative Banks Limited	322.78	443.89
From other parties		
State Government Loans - GoM	14.43	19.99
Maharashtra State Power Generation Co Limited	4.85	4.85

Current Maturities (Refer Note 27)		
Rural Electrification Corporation (REC)	-2,462.61	-2,410.94
Power Finance Corporation (PFC)	-533.09	-2,274.79
District Central Cooperative Banks Ltd.	-150.56	0.00
State Govt.Loans - GoM	-1,214.56	-771.39
State Govt.Loans - Government of Maharashtra	-1.92	-5.55
Total	56,187.70	51,191.89

* Includes Loan Against Regulatory Assets

Note 21: Non Current Liabilities: Other Financial Liabilities:Financial Liabilities

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Retention Money	888.40	828.79
Security Deposits *	172.78	173.69
Lease Liability for Right of Use Assets	36.57	0.00
Other deposits	1,135.50	810.72
Security deposits from consumers (Note No.54(5)(II)(i)(a)(c)	8,106.80	7,543.48
Deposits for Electrification, service connections, etc.	2.75	1.83
Deposit From Supplier & Contractors	16.24	116.57
From collection agencies	31.07	44.30
Payable for capital Supplies & services	414.71	1,288.36
Amount payable to REC on behalf of GoM under RGGVY	22.47	27.97
Lease Liabilities	85.00	0.00
Other	254.79	218.49
Total	**11,167.08**	**11,054.18**

*Security /other Deposits from vendors/ Contractors/ Customer, not being considered as Financial Liability on the basis of guidance in Ind-AS 113 Issued by the Institute of Chartered Accountants of India (ICAI) is not fair valued.

Note 22: Non Current Liabilities: Provisions

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Employment Benefits		
Provision for Gratuity (Note No. 44)	2,920.83	2,595.04
Provision for Leave Encashment ((Note No. 44)	3,064.35	2,500.54
Creditors for Capital Expenditures	123.11	122.65
Provision for Pension	3.54	0.00
Total	**6,111.83**	**5,218.22**

Note 23: Deferred Tax Liabilities

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax liabilities		
Property, plant and equipment	10,115.11	8,260.08
DTL	**10,115.11**	**8,260.08**
Deferred tax assets		
Employee Benefit	262.90	193.96
Others	83.85	82.76
Impairment on trade receivables	9.63	9.63
Amortisation of investment in govt securities	12.75	12.54
Unabsored depreciation	4,169.58	4,385.30
Right of Use Assets and its Lease Liabilities	0.84	0.00
Loans and borrowings	8.24	-7.15
Government grant	2.21	5.59
Loans and Advances	219.51	-87.97
Provisions	469.75	371.49
Investment	17.18	16.78
Lease Liabilities	1,236.44	-
DTA	**6,492.89**	**4,982.93**
Net DTL/ (DTA) (A-B)	3,622.22	3,277.15
Reversal of Opening Timing	35.00	35.00
Deferred Tax /Liabilities / ((Assets) as at Year End	**3,587.22**	**3,242.15**

Note 24: Other Non-Current Liabilities

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Government Grants(Note 51(1))	162.57	170.52
Grant : Power System Development Fund (Note 51(1))	28.85	21.84
Grant : Green Energy Corridor for Projects (Note 51(1))	80.85	110.16
Grant: Tribal Sub Plan Area (TSP) (Note 51(1))	19.58	19.65
Capital Grant	12.63	13.37
Lease Liability-Ind AS 116	3,376.17	0.00
Contribution from GoM through REC for RGGVY (Subsidy) [Note no.52(16)]	2,355.76	2,611.72
Grants [Note no.54(16)]	7,005.89	5,585.34
Uday Loan [refer Note no.54(18)]	0.00	992.00
Total	**13,042.30**	**9,524.60**

Note 25: Current Liabilities: Financial Liabilities- Borrowings

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Loan Repayable on Demand		
I. Secured		
From Banks		
A. Current Maturities of Term Loans from Banks (Note No 53(4) & (7).	64.25	51.53
B. Current Maturities of Term Loans from Other Parties (Note No 53(4)&(7).	968.08	944.76
C.Cash Credit	5,851.79	4,960.62
D.- from banks (Working Capital Demand Loan) { Note no. 54 5) II (ii) b}		
(i) Canara Bank	1440.00	1415.00
(ii) United Bank of India	490.00	490.00
(iii) Syndicate Bank	232.50	382.50
(iv) Bank of Maharashtra	620.00	617.50
(v) State Bank of India	300.00	0.00
(vi) Bank of India	340.00	0.00
II. Unsecured - at amortized cost		
A. Loans from banks (Short term Loan)		
(i) Maharashtra State Co-op. Bank	1,433.35	833.33
(ii) Ratanagiri District Co Op Bank	0.00	300.00
(iii) Thane District Co Op Bank	0.00	166.68
Working capital		
	1,765.02	2,485.00
Other Short Term Loans		
	750.00	750.00
III. Loan from Others		
(i) Interest free Loan from Maharashtra Industrial Development Corporation (MIDC) {refer Note no. 42 (D)(1)(I)(a) (iv)}	123.52	123.52
(ii) Energy Development Agency Ltd	0.00	250.00
Total	**14,378.51**	**13,770.44**

Note 26: Current Liabilities – Trade Payables

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Dues to Micro,Small and Medium Enterprises	0.03	0.12
Due to others	100.05	144.25
Other than MSME	2,251.91	1,328.22

Liability for purchase of Purchase of Power and Transmission charges	2161.86	1304.98
Other Payable	2,594.07	1,929.51
Total	**7,107.92**	**4,707.08**

Note 27:Current Liabilities: Financial Liabilties: Other Financial Liabilities

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Interest accrued but not due on borrowings	50.63	68.57
Payable from MSEB CPF Trust	17.81	14.86
Employee related payables	47.57	45.27
Capital creditors		
Payable to group companies	23.79	26.43
Other payables	11.57	20.73
Current maturities of Long Term Borrowings	3,340.45	2466.85
Retentions	4,299.90	3,514.43
Other Deposits	140.53	106.85
Interest accrued but not due	224.53	228.97
Lease Liability-Ind AS 116	163.41	0.00
Payables for Capital goods	68.94	79.29
Related Party Payables	75.64	94.54
Others	611.92	445.29
Payable to employees	303.40	77.60
Current Maturities of Long-Term Debt ((Refer Note 27)		
i) Secured - at amortised Cost		
From Financial Institutions	2,995.70	4,685.73
From Banks	1,365.12	771.39
ii) Unsecured - at amortised Cost		
From Government of Maharashtra	1.93	5.56
Deposits :		
From Consumers	90.54	82.38
From Others	24.20	24.86
From Supplier & Contractors	169.25	74.78
From collection agencies	49.83	32.39
Interest Accrued but not due		
i) On loans	271.20	398.45
ii) On Deposit	706.15	602.67
iii) Others	55.09	28.34

Payable to GoM towards Electricity Duty and Tax on sale of Electricity	7,570.31	1,131.79
Balances with group companies	415.74	412.34
Interest on Trade Payable for purchase of Power	5,347.43	5,280.21
Interest on Trade Payable for Transmission Charges	902.49	902.49
Lease Liability	36.40	0.00
Others (Note 54(17)	1,327.32	1,511.46
Payable for capital Supplies & services	1,615.01	710.35
Total	**32,323.80**	**23,844.87**

Note 28:Current Liabilities: Financial Liabilities: Other Current Liabilities

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Liability for Grant towards Energisation of Agricluture Pump under Employement Guarantee Scheme	1.42	1.60
Duties & taxes payable	157.30	108.40
Advances from customers	91.65	1.35
Income tax deducted at source	32.61	23.41
Income tax collected at source	0.05	0.01
Service Tax liability	0.08	0.05
GST Liability	44.09	29.13
Profession Tax Liability	0.08	0.11
Inter Company Payables (Note 28.1(i) and 28.1(ii))	368.04	181.27
MSEB Residual ((Note 28.1(iii))	0.55	0.55
Contributions from Consumers (Note 54(16)	356.59	335.67
Others	0.08	0.03
Statutory Dues	5.58	11.19
Contingency Reserve (Note 54(21)	522.76	380.00
Current maturities of Capital Grant	0.47	0.48
Grants (Note 54(16))	590.83	490.23
Current Maturity of Uday Loan (Note 54(18)	992.00	992.00
Other Current Liabilities	824.35	225.21
Total	**3,988.53**	**2,780.69**

28.1 : The Company has elected to continue with the carrying amount of Inter Company Payables and use that carrying amount as their fair value.

Inter Company Payables:

i) Inter Company Payables : MSETCL of Rs. 743,740,156/- (Rs. P.Y. 745,193,846/-) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 517,638,283/- which are under reconciliation, discussions and deliberations.

ii) Inter Company Payables : MSPGCL of Rs.2,230,283,618/- (Rs. P.Y 2,228,948,173/-) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 3,162,786,353/-which are under reconciliation, discussions and deliberations.

iii) Inter Company Payables: MSEB Residual of Rs. 5,546,170/- (Rs. 5,546,170/-) consists of amount payable to the bond holders who could not be identified / traced as stated.

Note 29: Current Liabilities: Provisions

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for gratuity(Note No. 44)	469.94	550.09
Provision for leave encashment(Note No. 44)	467.17	473.12
Provision for Pay Fixation arrears	708.47	537.51
Provison for Pension	0.60	0.00
Provision for Interest Shortfall on PF Liability	35.94	35.94
Provision for CSR Expenditure	74.83	73.10
Provision for late interest payment	2.64	2.67
Provision for Tree/Land Compensation	6.78	6.66
Other Provision	0.07	0.07
Others	15.35	18.01
Provision for Renewable Power Obligation [Note no. 54(2)]	5,112.50	3,108.89
Total	**6,894.29**	**4,806.06**

Note 30: Current Tax Liabilities (Net)

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Income Tax	116.14	251.55
Less: Advance tax	-4.08	-2.19
Total	**112.06**	**249.36**

Note 31: Revenue from operations

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
a) Operating Revenue :		
Revenue from sale of power	0.00	0.00
Transmission charges recoveries	522.98	569.61
Transmission charges recoveries (goa)	111.88	0.00
Transmission charges recoveries (dadarnagar)	8.06	139.71
Open Access Charges	4.70	0.00
SLDC Charges	46.35	17.89

Rescheduling Charges	2.67	2.51
Revenue from sale of power	73411.24	72,968.91
Less: Prompt Payment Discount	-337.25	-287.48
b) Other Operating Revenue		
Miscellaneous Operating Income	349.56	143.80
Sale of Fly Ash	35.87	34.00
Less: Transferred to Fly Ash Utilisation Fund	-35.85	-34.00
Standby charges	399.26	396.05
Miscellaneous charges from consumers	0.00	13.85
Total	**74,519.47**	**73,964.85**

Note 32: Other Income

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Other Income		
On Deposits		
Income from Rent, Hire Charges,etc	13.46	11.69
Profit from sale of assets/stores/scarp	21.78	63.80
Sale of tender forms	0.14	1.14
Sundry credit balance write back	16.33	42.65
Other receipts	34.61	66.75
Govt Grant Amortisation	0.47	0.48
Interest income	97.30	86.19
Delayed Payment Charges	312.08	298.49
Profit on sale of Property , Plant and Equipment	1.55	5.17
Sale of tender forms	1.20	1.52
Income from sale of scrap	7.16	3.76
Government Grant	9.66	9.22
Provision for Bad & doubtful debt written Back	3,282.26	4,019.34
Other Miscellaneous Income *	611.85	637.46
Interest from Investment valued at Amortised Cost	22.30	17.90
Interest from Consumers	2,428.58	1,875.02
Other	33.88	36.35
Contribution, Grants and Subsidies towards cost of Capital Assets (Note 54(16))		
	993.87	825.90
Grant under UDAY Scheme (Note 54(18))		
	992.00	992.00
Income from Rentals	0.06	0.06
Interest on Fixed Deposits with bank	2.15	1.73

Revenue from subsidy & Grant	35.00	84.85
Cash Discount Received	0.02	0.18
Rent from Staff quarters	0.01	0.00
Interest on IT refund	0.00	0.84
Other miscellaneous receipts	0.06	0.10
Excess Provision Written Back	0.25	0.00
Total	**8,918.03**	**9,082.59**

- Includes rectification entry passed by Subsidiary named MSETCL for Rs 1488.25 lakhs in F.Y. 2019-20 (P.Y. Nil) on account of erroneous booking of accrued interest on private bonds.

Note 33: Cost of material consumed

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Coal	12,981.04	11,607.98
IPP Purchase of Coal	77.23	105.62
IPP Purchase of Power	171.62	251.08
Gas	613.94	554.11
Oil	425.70	292.37
Water	128.74	184.19
Total	**14,398.27**	**12,995.33**

Note 34: Purchase of Power

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Power Purchase Cost		
(a) Conventional Power	29,455.79	27,258.66
(b) Non Conventional Sources	8,755.74	9,648.48
(c)Less : Rebate	-6.45	-50.68
(d) Transmission Charges	5,747.88	4,723.81
Total	**43,952.96**	**41,580.27**

Note 35: Employee Benefit Expense

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Salaries, allowances, bonus etc. (Note 35.1 and 35.2)	6,470.17	5,687.36
Contribution to provident funds	1,442.21	1,071.80
Gratuity Leave Encashment and other Employee Benefits	531.72	291.46
Employee Welfare expenses	304.01	298.39
Other Staff Costs	5.28	6.45
Directors Remuneration	0.46	0.12
	8,753.85	7,355.58
Less: Employees cost capitalised	-449.19	-483.82
Total	**8,304.66**	**6,871.76**

35.1 Salary includes payment made to employees of MSPGCL, MSEDCL and MSETCL working with the Company on deputation basis.

35.2 Full time Director - Finance Mr Sunil Pimpalkhute for the period April 2019 to March 2020

Note 36: Repairs and Maintenance

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Plant & Machinery	990.07	924.89
Buidling	21.15	12.56
Others	70.66	22.38
Less: Repairs and Maintenance expenses Capitalised	-1.84	-1.32
Total	**1,080.04**	**958.51**

Note 37: Administrative Expenses

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Administrative Expenses	0.52	78.52
Legal & Professional Fees	38.75	51.47
Statutory Auditors fees	1.24	1.03
Expenses towards Consumer Grievance RedressalFourm	1.00	1.06
Conveyance and Travel	55.09	59.38
Commission/Collection charges	68.63	81.27
Fees & Subscription	15.15	11.26
Printing & stationery	14.76	12.82
Advertisment Expenses	7.56	25.02

SecurityMeasures for Safety&Protection	136.85	117.15
Expenditure on Computer Billing	274.05	296.42
Vehicle running Expenses	1.35	3.50
Advt.of Tenders/Notices etc.	1.01	2.52
Others	47.93	31.92
Less: Administrative Charges Capitalised	-56.67	-63.11
Total	**607.22**	**710.23**

Note 38: Finance Costs

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Interest Expenses		
a) On Loan from		
Banks	30.74	13.06
Others	7,496.01	6,703.69
Exchange difference regarded as an adjustment to borrowing cost		2.75
b) On Security Deposits from Consumers	748.92	665.28
c) Payable to Suppliers and Contractors	73.88	366.55
d) Others	25.56	36.47
Transaction Costs	1.12	1.17
Financial Charges	8.93	23.81
Bank Charges	21.02	24.52
Miscellaneous Costs	0.55	0.26
Amortisation of borrowings	0.74	0.98
Less: Interest and Finance Charges Capitalised	-154.19	-121.27
Total	**8,253.28**	**7,717.27**

Note 39: Depreciation & Amortisation

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Depreciation & Amortisation Expenses	7,049.01	7,274.90
Amortisation on intangible fixed assets	38.56	0.00
Provision for impairment of CWIP	2.35	12.78
Total	**7,089.92**	**7,287.68**

Note 40: Other Expenses

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Rent	0.49	53.28
Hydro Lease rent	88.66	565.83
Repairs &Maintenance		
Plant & Machinery & Building	1226.33	1189.14
Vehicle	0.04	0.03
Furniture	0.29	0.45
Office Equipment	3.28	2.61
Others	0.72	1.04
Insurance Charges	22.41	28.11
Rates & Taxes	59.51	34.27
Others -		
Lubricants, consumables stores including obsolescence	11.51	9.76
Domestic water	0.04	0.08
Legal & Professional Charges	21.72	22.96
Commission to Agents	5.05	0.01
Other Bank charges	1.96	1.06
Contribution towards assets not owned by company/CSR expenditure	3.47	3.11
Provision for doubtful advances	7.72	0.00
Other General Expenses	262.95	205.88
Obsolescence of Stores	86.29	47.88
Loss on Obsolescence of Fixed Assets	10.05	20.78
Loss on foreign Exchange variance (net)	10.83	16.02
Sundry Expenses	40.33	29.76
Payment to the auditors for		
Audit Fees	0.30	1.06
Other Services	0.11	0.09
Reimbursement of Expenses	0.02	0.03
Reimbursement of Service Tax	0.06	0.19
Advertisement Expenses	1.22	1.51
Advertisement of tenders / notices and other purchase related advertisement	5.29	14.17
Electricity Charges	3.55	8.29
Freight Charges	0.03	0.03
Government Inspection Fees	0.00	0.02
Insurance	2.82	3.79
Membership & Subscription	3.30	6.52
Miscellaneous Expenses (Note 40.2)	57.36	54.05

Ash Utilisation Expenditure		
Miscellaneous losses and provisions	14.30	0.38
Postage Telephone & Telex	3.84	4.15
Printing & Stationery	3.07	3.12
Security Expenses	85.85	71.14
Travelling & Conveyance	7.80	9.07
Upkeep of office	13.53	12.98
Vehicle Running & Maintenance Expenses	3.84	4.60
Water charges	6.94	6.24
Expenditure on Hire	26.78	25.26
Fees & Subscription	0.19	0.87
Foreign Exchange Loss	24.10	3.61
Telephone	0.02	0.02
Refund of Regulatory Reliability Charges (RLC) as per MERC Order (Note No. 54(22))	1.77	1.67
Insurance on Fixed Assets	0.02	0.02
Corporate Social Responsibility Expenses	10.83	0.00
Meeting Expenses	0.03	0.04
Interest as per BMC directives	0.13	0.13
Contribution to Contigency Reserve as per MERC Regulation(Note No. 54(21))	142.76	143.00
Bad Debts (Note No. 54(5)(II)(i)(a))	3,282.26	4,019.34
Expected Credit Loss	3,109.05	2,072.55
Loss on obsolescence of Inventory and other	1.43	18.78
Less:Administration expenses capitalised	-14.69	-12.73
Provision for Doubtful Advances	0.20	0.00
Total	**8,661.77**	**8,706.05**

40.1) As per New Memorandum of Understanding of MSEBHCL dated 31/12/2018, the expenditure amounting to Rs.44,174,476/- (P.Y. 34,169,979/-) on account of Electricity Charges, Water Charges, House Keeping, Security Measures, Consultancy charges, Legal Charges, Printing & Stationery, Expenditure on Civil and Electrical Maintenance work and salaries and allowance of employees of Civil Division Bandra, Chief Engg. (C) Corporate Office MSEDCL have been borne by MSEBHCL on the basis of advices received from MSEDCL Civil Circle Bandra.

40.2) Miscellaneous Expenses include Rs. 6276.40 Lakhs as payment made to Contracted Personnel (P.Y Rs. 4021.79 Lakhs).

Note 41: Regulatory Expense/Income

(Amt in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Regulatory Income (Note 54(6)	8,446.61	-495.00
Total	**8,446.61**	**-495.00**

Note 42: Contingent Liabilities and commitments:

A]In respect of MSEBHCL:

Contingent Liabilities and commitments

a) Contingent Liabilities

(Amt in Rs.)

Nature of Dues	As at 31st March 2020	As at 31st March 2019	Period to which the amount relates
Penalty	1,416,557,002	1,416,557,002	A.Y 2006-07
Penalty	1,371,736,837	1,371,736,837	A.Y 2007-08
Penalty	1,271,079,159	1,271,079,159	A.Y 2008-09
Penalty	1,134,815,207	1,134,815,207	A.Y 2009-10
Penalty	980,338,089	980,338,089	A.Y 2010-11
Tax and Interest	158,289,441	158,289,441	A.Y 2012-13
Tax and Interest	115,898,560	115,898,560	A.Y 2013-14

1) Out of the penalty of Rs. 1,371,736,837/- (P.Y. Rs. 1,371,736,837/-) for the A.Y. 2007-08 Rs. 250,000,000/- have been paid under protest against which stay proceeding are pending under PCIT.

2) Out of the penalty of Rs. 1,134,815,207/- (P.Y. Rs. 1,134,815,207/-) for the A.Y. 2009-10 Rs. 100,000,000/- have been paid under protest against which stay proceeding are pending under PCIT.

3) Out of Tax and Interest of Rs. 158,289,441/-(P.Y. Rs.158,289,441/-) for the A.Y. 2012-13Rs. 75,801,521/- have been paid. Further the balance demand plus interest of Rs. 83,735,881/- has been fully paid / adjusted in the month of June, 2018.

4) Out of Tax and Interest of Rs. 115,898,560/-(P.Y. Rs.115,898,560/-) for the A.Y. 2013-14Rs. 115,898,560/- have been paid.

5) The company has given Corporate Guarantee of amounting Rs 9,600 croresin the year 2018-2019 in favour of REC on behalf of MSEDCL for grant of loan.

6) During the year, the company has given Corporate Guarantee of amounting Rs 1,284 crores in favour of REC on behalf of MSPGCL for grant of loan.

7) MSEBHCL has given corporate guarantee to REC in favour of its fully owned subsidiaries, MSEDCL and MSPGCL. MSBEHCL has neither given so far nor intend to give such corporate

guarantee to any entity in the open market. There is no intention of MSEBHCL, of whatsoever nature, to gain commercial benefits out of such Corporate Guarantees. Furthermore a charge has already been created on assets of the subsidiaries companies for the loans availed by them from REC. Corporate guarantee provided by MSEBHCL is an 'additional cover' to secure the liability. Hence there is very little risk to MSEBCHL as result, of which company has not charged any guarantee fees being no business expediency. Therefore no commission on corporate guarantee is charged by MSEBHCL on Corporate Guarantee given on behalf of its subsidiaries and therefore no fair value of such Corporate Guarantees given by MSEBHCL has been recognised and incorporated in the books of accounts.

8) Following Legal Cases are outstanding as on 31-03-2020

Details of Case	Petitioner	Respodent
Sub Division of Plot of Dharavi Office Building at Estrella Batteries compound. Case No. 1663/2004.	MSEB Holding Co. Ltd.	Estrella Batteries Ltd
Regarding vacation of 2nd floor in possession of Central Excise Dept in Dharavi Office Building at Estrella Batteries compound. Case No. RAE 533/801/2009.	MSEB Holding Co. Ltd.	Union Of India
Regarding vacation of 3rd & 4th floor portion in possession of MSEBHCL at HSBC, Fort. Case No. Appeal 213/18 TER 346/366/2001.	MSEB Holding Co. Ltd.	The Hongkong Shanghai Bank

Amount of liability that may arrive out of the above legal cases is not quantified hence no contingent liability has been disclosed.

b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for In respect of Others Rs.Nil(P.Y. Rs. Nil/-)

B] In respect of MSPGCL:

(Amt in Crores)

I	Contingent Liabilities	As on 31.03.2020	As on 31.03.2019
1.	MSPGCL may be contingently liable for interest claim of SECL,WCL and SCCL amounting to Rs 965.26 Crs (P.Y.Rs 704.25 Crs).plus performance incentive Rs. 704.22 Crores (P.Y. Rs.681.90 Crores) and short lifting Rs. 983.34 Crores (P.Y. Rs. 559.84 crs.) plus Penalty claim of WCL Rs. 29.62 crores plus Mine Spercific for WCL Rs. 362.72 Crores . Total Contingent Liability RS. 3045.16 Crs. (P.Y. Rs 1975.61 crs.)	3045.16	1975.61
2	Arbitration between M/s Sunil Hitech Engineers Ltd, Nagpur & MSPGCL regarding various disputes of Contract for Civil, Supply, Erection, Testing & Commissioning of Balance of Plant packages for Parli Unit-8 Project amounting Rs. 953.86 Crores.	953.86	--

3	Contingent liability of approximately estimated to 248.31 Crores plus 45 crores int total RS 293.01 Crs (PY Rs.210.43 Crores/- plus 37.88 Crores int total 248.31 Crs). This is related to work of construction of RCC lower Mun Barrage with associated works including manufacturing, providing, erection, testing and commissioning of radial gates ,stoplog gates, goliath crane and rope drum hoist etc. claimed by M/s Mahalaxmi Infra Project Ltd., Kolhapur. Agency has been requested to submit claim amount based on which the members in arbitration tribunal would be decided, as provided in tender conditions. Arbitration award is declared on 20-11-2014. The sole Arbitrator Shri. S.P. Kurdukar, Mumbai directed to pay Rs. 56 crores. Award is challenged at High Court on vide OSARBP/466/2015. The claimants have filed petition vide no. 5260/2015. New advocate Shri. S.R. Nargolkar is appointed to represent MSPGCL in this matter. Bombay High Court appointment Shri Thakkar as Sole Arbitrator for further proceedings.	293.01	248.31
4	Contingent liability for demand from Irrigation Department for excess water charges and establishment charges amounted to Rs. 2,77,64,66,799 /- (P.Y. Rs. 2,67,41,70,680/-)(Excess water charges bill Rs. 93,19,66,799 + Establishment Charges Rs. 1,84,45,00,000/)	277.65	267.42
5	Arbitation between M/s. TATA Projects Ltd., and MAHAGENCO for Bhusawal 2x500 MW project. M/s. TATA claimed for prolongation cost, Bank Guarantee charges for BG submitted, payment against performance Guarantee tests & extra BG charges incurred towards furnished BG, wrongful recoveries made by MAHAGENCO from contractual payments, additional work and return of contract performance Bank Guarantee: Total Bank Guarantee to be returned - Rs. 189,00,00,000/- Total Amount claimed - Rs. 118,12,08,976/- Total Interest claimed - Rs. 79,33,54,185/- (118,12,08,976 + 79,33,54,185 = Rs. 197,45,63,161)	197.46	197.46
6	MSPGCL may be contingently liable for Counter claims lodged by Washery Operator Amounting Rs 129.02 crores (P. Y. Rs. 95.18 crores)	129.02	95.18
7	Arbitration before Justice Shri. V. G. Palshikar Mumbai. ABN/C/ No.63/2014 – Sole Arbitrator - Adv. Rathod – Asian Natural Resources Ltd(erstwhile M/s. Bhatia International Ltd. Indore) vs Mahagenco Major pending issue is change in railway freight and 16 refree sample and subsequent other claims on various accounts for contract of import coal for the year 2010-11. M/s. Asian Natural Resources Ltd. has invoked the arbitration clause with restpect to the pending disputes and delayed payment on various accounts for	127.45	127.48

	the contracts for supply of non-cooking (Steam) coal of foreign origin for year 2010-11 to Nasik, Bhusawal, Khaperkheda and Chandrapur TPS. Sole Arbitrator justice V.G. Palahikar (Retd). Appointed with mutual consent on 17.04.2014. Claim and counterclaim filed. Hearing is in process.The claim amount is Rs. 127.45 crores (P.Y. Rs. 127.48 crores)(FMC)		
8	Contingent liabilities of approx Rs. 103.20 Crores (P.Y. 103.20 crores) demand of Irrigation Dept.for water supplied at Shiral Pump House and given to Ratnagiri Power & Gas Ltd.	103.20	103.20
9	Other miscellaneous claims lodged against the company but not acknowledged as debt	251.94	437.91
10	The company has been contingently laible for non payment (Building & other Construction workers welfare cess act) 1% BOCW cess on the civil construction of new projctesi.e.onKoradi 3x6060 MW project, CSTPS 2x500MW project &Parli 1X 250 MW project.	Being acertain	
11	In case of Mahaguj, due to cancellation of coal block allocation by the Hon'ble Supreme Court of India, the Claims of Rs. 399.79 Crs. is submitted by M/s. Adani Enterprises Ltd. during the F.Y. 2017-18 towards expenditure made for development of Machhakata Coal Block. Further, M/s. AEL has invoked the Arbitration proceedings for their Claims of Rs. 399.79 Crores along with Application U/s 17 for Interim relief of Rs. 44.70 Crores before the Arbitral Tribunal on 10.05.2017. For application U/s 17 for Interim Relief, the Arbitral Tribunal has passed the Interim Award dt. 01.02.2018 and directed MGCL to pay to M/s AEL a sum of Rs. 32.80 Crores. MGCL has filed an application U/s 34 before the Bombay High Court on 21.04.2018 challenging the said Interim Award dt. 01.02.2018 passed by the Arbitral Tribunal. The matter was listed for the hearing before the Bombay High Court on 18.03.2019 for admission. After hearing the matter, the Hon'ble Bombay High Court vide order dt. 18.03.2019 has admitted the MGCL's application u/s. 34 and the same is pending for final hearing. For Arbitration process the cross examination of witnesses is in progress. In view of this, the Management is of the opinion that no provision of Rs. 32.80 Crores is required to be made in the FY. 2018-19. Thus, claims against the Company not acknowledged as debt amounted to approximately Rs. 399.79 crores during the previous year. Due to the cancellation of Coal Block allocated to MGCL by Hon'ble Supreme Court, all the pending petitions in Orissa High Court opposing the Land Acquisition process initiated for Machhalata Coal Block have become in-fructuous. Therefore, MGCL is no more a necessary party to the following pending Writ Petitions / Litigations.	399.79	399.79

	1. W.P. (C) 14924 dt. 13.08.2012 - Pending for fresh admission since 19.11.2012. 2. W.P.(C) 22392 dt. 23.11.2012 - Referred by High Court to Lok Adalat-1 on 09.12.2017.		
	Total Claims	**5778.53**	**3852.36**
	Tax Demands Outstanding and disputed by the company	152.40	31.56
	Guarantees extended by the company	1425.92	874.28
	Total Contingent Liabilities	**7356.85**	**4758.20**
II	**Commitments**		
A	Estimated amount of contracts remaining to be executed on Capital Account not provided for	831.08	1107.36
III	**Other Significant Commitments**		
	(a) Company has entered into Power Purchase Agreement with MSEDCL for Sale of power generated by the company & this agreement remains operative for the period of twenty-five years unless extended or terminated earlier. (b) Agreement / Order has been made / placed with M/s. Ultra Tech cement Ltd. for Sale/ Disposal of fly ash on long term for 15 years basis ending in FY 2023-24. (c) Coal linkage (including Bridge Linkage and MOU) of 52.537 Million MT has been allocated to company, consequently company is committed to purchase coal from allocated coal companies at the relevant market price.. (d) Company has gas purchase and transportation agreement with Gas Authority of India Ltd. towards 3.5 MMSCMD upto 05.07.2021.		
IV	**Contingent Assets**		
1	In pursance to Power Purchase Agreement, MSPGCL levied delayed payment Surcharge on MSEDCL. Such Surcharge Income of Rs. 3725 crore was treated as Non-tariff income by MERC and accordingly reduced from the Annual Revenue Requirement of MSPGCL for the period FY 2010-11 to FY 2015-16. The company filed appeal against this methodology in the Appellate Tribunal for Electricity. The Tribunal, however, rejected the appeal of the company. The matter is now pending with Supreme court. Recently in the similar case of another Transmission Licensee (Tribunal order on Appeal no. 250 of 2016 & IA no. 899 of 2017 dated 29-05-2019), the Tribunal decided that the Delayed payment surcharge are not to be considered as Non-tariff Income and thus will not be deducted from Annual Revenue Requirement. The said judgement has significantly increased the chances of favourable decision in case of MSPGCL seeking restoration		

	of Rs.3725 crores in the revenue. If the favourable decision is received, the company will be able to increase its earnings to the tune of Rs.3725 crores.		
2	Excise duty on Royalty and other levies are paid under protest.		
3	Mahagenco has lodged counter claims with coal companies and washery operators which that companies has not considered as debt. The details of the same is as follows:		

Sr No.	Particulars	Amt (Rs.) Crs
1	Stone Claims	28.86
2	SRN claims	100.81
3	Interest claims	1298.20
4	Grade slippage	2213.59
5	Moisture Claims	124.52
6	Short Delivery	2841.43
	Total	**6764.34**

4	Mahagenco has filed compensation application amounting to Rs. 409 crores against the three liasioning contractors M/s. Nair, M.s Naresh Kumar, M/s Karam Chand Thapar at NCLAT New Delhi, Advocate K. K. Sharma case no. AT 02/2018		
5	Mahagenco has lodged counter claims Asian Natural Resources Ltd(erstwhile M/s. Bhatia International Ltd. Indore) which has not considered as debt. The details of the same is as follows:		

Sr No.	Particulars	Amt (Rs.) Crs
1	AFC disallowance due to short supply	47.26
2	Loss due to increase in Heat Rate	23.03
3	Loss due to Auxiliary power consumption	28.55
4	Demmrrage charges	3.065
	Total	**101.905**

6	Mahagenco has lodged counter claims against M/s Sunil Hitech Engineers Ltd, Nagpur & MSPGCL regarding various disputes of Contract for Civil, Supply, Erection, Testing & Commissioning of Balance of Plant packages for Parli Unit-8 Project as follows:		

Sr No.	Particulars	Amt (Rs.) Crs
1	Recoveries due from SHEL	224.29
2	Losses incurred by Respondent	812.40
3	Carrying cost on unrecovered amount	70.56
4	Additional loss incurred by Respondent	423.80
	Total	**1531.05**

C] In respect of MSTECL:

Contingent Liabilities and Contingent assets:

1. Claims against the Company not acknowledged as debts in respect of:

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges, Interest for delayed payments made,under MSME Act, etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. In such cases, contingent liability of Rs 17,122.00 Lakhs has been estimated.

(ii) Land/ Crop compensation & Enhancement in Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of Rs 13,614.00 lakhs has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of Rs 196.00 Lakhs has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to Rs 41,013.00 Lakhs are being contested before various Appellate Authorities. Many of these matters are disposed of in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Financials Guarantees

MSETCL has provided financial guarantees in the form of Bank Guarantee's amounting to Rs 1,166.79 lakhs to various Authorities for construction of Transmission Sub-stations and Transmission Lines.

(vi) Others

a) Other contingent liabilities pertaining to Employee claims amounts to Rs 177.00 Lakhs

b) Some of the beneficiaries have filed appeals against the tariff orders of the MERC. The amount of contingent liability in this regard is not ascertainable.

D] In respect of MSEDCL:

1. Contingent Liabilities, Contingent Assets and Commitments :

(Rs in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
I.	Contingent Liabilities		
(a)	Claims against the MSEDCL not acknowledged as debts-		
	(i) Datar Switchgear Ltd. (refer para i below)	74,657	70,344
	(i) Asian Electronics Ltd. (refer para ii below)	15,712	15,712
	(ii) Power Purchase (refer para iii below)	23,71,126	9,27,054
	(iii) MIDC Interest free Loan (refer para iv below)	6,940	6,940
	(v) Mula-Pravara Electric Co-op. Society Ltd. (refer para v below)	48,551	45,709
	(vi) Others (refer para vi below)	64,426	51,678
	Total of (a)	**25,81,412**	**11,17,437**
(b)	Disputed Duties / Tax Demands		
	(i) Income Tax	3,21,481	3,21,481
	(ii) TDS	1,080	3,615
	(iii) Excise Duty	140	133
	(iv) MVAT	4,19,217	1,88,266
	(v) Service Tax	44,951	44,949
	Total of (b)	**7,86,869**	**5,58,444**
	Total of (a+b)	**33,68,281**	**16,75,881**
II.	Contingent Assets (Refer para II below)	43,634	35,250
III.	Other Commitments	-	-
	Capital Commitments		
	Liability against capital commitments (net of advances given)	2,32,651	5,47,443

I. Contingent Liabilities include :-

(i) Datar Switchgear Limited :

In an earlier year, erstwhile Maharashtra State Electricity Board (MSEB) had entered into a contract with Datar Switchgears Ltd. (DSL) for supply, erection, commissioning and maintenance of load management system panels on operating lease basis. After part execution of the contract, DSL has filed the suit for damages of panels & cost of possession before Hon. Bombay High Court (BHC), Mumbai. The matter is pending before Hon. BHC The claim amount is Rs 74,657 Lakhs - including accumulated interest of Rs 67,239 Lakhs (PY Rs70,344 Lakhs- including accumulated interest of Rs 62,926 Lakhs).

(ii) Asian Electronics:

The lease rent payment to Asian Electronics towards Low Tension Load Management System (LTLMS) panels installed by them has been stopped since June 2006, as LTLMS panels were not working. The dispute has been referred to Arbitrator by Asian Electronics & a claim of Rs15,712Lakhs (PY Rs 15,712) has been lodged against the company.

MSEDCL has lodged counter claim of Rs 50,231 Lakhs against Asian Electronics. The matter is pending before The Arbitral Tribunal for hearing. Asian Electronics is under process of liquidation, hence the counter claim is not considered as a part of contingent assets.

(iii) Power purchase Liabilities :

(A) Dispute in Energy Bill:

a) The monthly bill of SardarSarovar Projects (SSP) is admitted by MSEDCL @ 2.05 Rs/KWH as decided in the meeting of Government of Maharashtra, whereas the bill is raised by SSP @ 3.00 Rs/KWH without showing any arrears. In case, it is decided to pay @ Rs 3 p/u, MSEDCL will have an additional liability of Rs 35,034 Lakhs (PY Rs 24,783 Lakhs).

b) There is difference in energy/ supplementary bills raised by vendor and accepted by MSEDCL and such billing difference is considered as contingent liabilities and details as under:

(Rs in Lakhs)

<table>
<tr><th>Generator</th><th>Contingent Liability</th></tr>
<tr><td>MSPGCL</td><td>25,677</td></tr>
<tr><td>MSETCL</td><td>22,697</td></tr>
<tr><td>NPCIL</td><td>9</td></tr>
<tr><td>APML 1320</td><td rowspan="4">27,500</td></tr>
<tr><td>APML 1200</td></tr>
<tr><td>APML 125</td></tr>
<tr><td>APML 440</td></tr>
<tr><td>RIPL 450</td><td rowspan="2">24,700</td></tr>
<tr><td>RIPL 750</td></tr>
<tr><td>CGPL</td><td>595</td></tr>
<tr><td>GMR</td><td>3,915</td></tr>
<tr><td>Total</td><td>1,05,093</td></tr>
</table>

c) Power Purchase Agreement (PPA) was executed between Ratnagiri Gas & Power Pvt. Ltd (RGPPL) and MSEDCL on 10.04.2007. Gas supply from Krishna-Godavari D6 (KG D6) Basin was continuously reducing from September 2011 and subsequently was completely stopped from January 2014 onwards. Due to high cost of alternate fuel and to avoid any financial burden on its consumers, MSEDCL has not accepted the power in accordance with clause 5.9 of PPA and did not pay capacity charges from May 2013 onwards.

CERC vide order dt. 30.7.2013 has allowed RGPPL to declare availability on R-LNG to recover capacity charges. MSEDCL filed an appeal in APTEL against the said CERC Order. APTEL vide its order dated 22.04.2015, dismissed the appeal filed by MSEDCL. Subsequently

MSEDCL filed an Appeal in the Supreme Court of India against the APTEL Order. Supreme Court of India has declined to entertain the appeal. However, Supreme Court of India gave liberty to the appellant to move the Supreme Court once again in the event it becomes so necessary.

Presently, RGPPL is supplying 540 MW power to Indian Railway on short term basis. RGPPL is declaring @ 87 MW capacities for MSEDCL and is raising corresponding capacity charges bill to MSEDCL which has not been accounted.

As per RGPPL Letter dated 07.06.2019, earlier due amount of around Rs 1,80,000 Lakhs (excluding surcharges) is kept in abeyance as per minutes of meeting held on 17.08.2015 at Prime Minister Office (PMO). RGPPL has claimed Rs 4,22,856 Lakhs (upto March 2020) (PY Rs 3,51,004 Lakhs). MSEDCL has paid an amount of Rs 18,101Lakhs as advance against the amount due. The amount paid has been shown as part of deposit. The entire amount of Rs 4,22,856 Lakhs (PY Rs 3,51,004 Lakhs) is considered as contingent liability.

(B) Dispute Due to Rise in Coal Cost:

a) Disputed liability for compensatory tariff on account of New Coal Distribution Policy (NCDP):

The Government of India declared New Coal Distribution Policy (NCDP) on 23.07.2013. As per this new policy, Fuel Supply Agreement is allowed to be signed up to 65% to 75% of Aggregate Contract Quantity only. The balance coal is to be arranged by way of import by Coal India Ltd. / respective generator. As per directions of Ministry of Power, vide letter dated 31st July 2013, to all the States as well as State Commissions, higher cost of imported coal is to be considered for pass through as per modalities suggested by Central Electricity Regulatory Commission (CERC).

Adani Power Maharashtra Ltd (APML) and others had filed petition before Hon'ble MERC for compensation of incremental coal cost pass through due to NCDP seeking compensation over and above the tariff determined through Competitive bidding.

MERC passed an order on 07.03.2018 and allowed compensation to APML. Accordingly, APML raised a claim of Rs. 2,82,100 Lakhs, vide their invoice dated. 06.10.2018. MSEDCL has paid the amount equivalent to approximately 50% of claim i.e. Rs 1,40,000 Lakhs. In the absence of clarity over the method of calculation of the balance amount payable (since the matters relating to the technical parameters considered for calculation of amount payable are under litigation), MSEDCL has not made provision for the balance amount and has considered the same as contingent liability. Further, MERC has also allowed carrying cost on claim of NCDP to APML vide its order in case no 295 of 2018. The approximate amount of carrying cost till 31st March 2020 comes to the tune of Rs 38,600 Lakhs. Hence, total amount of Rs 1,80,700 Lakhs considered as contingent liability.

b) MERC has held that, the coal distribution policy viz. SHAKTI policy (Scheme for Harnessing and Allocating Koyala Transparently in India) is as a Change in Law event and has allowed compensation to APML from April 2017 onwards. APML has raised claim of Rs 3,07,753 lakhs (PY Rs2,32,000 Lakhs) for the period from April 2017 to March 2020. However, MSEDCL has filed an appeal in APTEL against the order of MERC.

MSEDCL may also be required to pay the carrying cost on the claim amount of APML. The approximate impact of carrying cost comes to Rs 19,600 Lakhs (PY Rs19,600 Lakhs). MSEDCL has made an ad hoc payment of Rs 168000 Lakhs towards principal liability. Hence, the total amount of Rs 1,59,353 Lakhs (PY Rs2,51,600 Lakhs) has been considered as contingent liability under SHAKTI policy.

c) CERC has allowed compensation to GMR Warora Energy Ltd., (GWEL) towards domestic coal shortfall viz. SHAKTI policy under the provisions of Change in law in PPAs vide its order in case no. 284 of 2018. Moreover, CERC, by another order, has also allowed compensation to GWEL and directed to consider the technical parameters such as Station Heat Rate (SHR) of plant on actual basis and Gross Caloforic Value (GCV) of coal on receipt basis instead of considering the parameters on standard basis. Accordingly, based on the directions of CERC, GWEL has submitted its claim of Rs 7,805 Lakhs (PY Rs9,300 Lakhs).

MSEDCL may also be required to pay the carrying cost on the claim amount of GWEL. The approximate impact of carrying cost comes to the tune of Rs 637 Lakhs (PY Rs1,129 Lakhs). However, MSEDCL has filed an Appeal in APTEL against both the orders of CERC.

MSEDCL has paid an amount of Rs 3,742 Lakhs. Hence, the total amount of Rs 4,701 Lakhs (PY Rs10,429 Lakhs) is considered as contingent liability under SHAKTI policy.

d) MERC has passed an order in case no. 68 of 2012 on 06.09.2019. In its order MERC held that, the de-allocation of LOAHRA coal block which was earlier allocated to APML for its 800 MW capacity plant at Tiroda constitutes as change in law event. Hence, APML has raised an invoice of Rs 5,79,931 Lakhs (including Rs 2,40,685 Lakhs carrying cost). MSEDCL has paid Rs 1,66,300 Lakhs. However, MSEDCL has filed an appeal No. 340 in APTEL against the decision of MERC. Hence, the entire amount claimed by APML is shown as contingent liability of Rs 4,13,631 Lakhs.

e) MERC had passed an order allowing compensation to JSW Energy Ltd. (JSWEL) towards various changes in law events vide its order in case no. 123 of 2017. JSWEL raised a bill including the compensation towards auxiliary consumption on power supplied through alternate sources. MERC disallowed this claim vide its order in case no 289 of 2018. JSWEL has filed an appeal in APTEL against the order of MERC. The matter is pending before APTEL. The amount of Rs 2,147 Lakhs (PY Rs1,000 Lakhs) is considered as contingent liability.

(C) Dispute in DPS:

a) DPS of MSPGCL:

There is difference in DPS claimed by MSPGCL as compared to DPS worked out by MSEDCL. The major reason for such variation is due to different methodology adopted by MSPGCL and MSEDCL i.e., appropriation of payment towards Interest 1st & balance if any, will be adjusted towards principle by MSPGCL whereas MSEDCL appropriates payments towards principle 1st and then interest. However, there are no clear terms in the PPA regarding methodology for appropriation of payment. MSEB Holding Co. Ltd vide BR 450 dtd.27.08.2015 has directed MSPGCL to waive off DPS claimed against MSEDCL on the outstanding principal amount freezed as on 31st July, 2015. However, MSPGCL has not considered waiver of DPS till date, and continued to claim DPS on such freezed amount. Besides there are some billing differences. Hence, difference in DPS claimed by MSPGCL and DPS liability worked out by MSEDCL is considered as Contingent Liability. Therefore, Rs 6,80,617 Lakhs is shown as Contingent Liability due to such difference in DPS claimed by MSPGCL (Rs12,35,059 Lakhs) & booked by MSEDCL (Rs 5,54,442 Lakhs) as on 31.03.2020.

b) DPS of MSETCL:

MSEB Holding Co. Ltd vide BR 450 dtd.27.08.2015 has directed MSETCL to waive off DPS claimed against MSEDCL on the outstanding principal amount freezed as on 31st July, 2015. However, MSETCL has not considered waiver of DPS till date. Further, there is a difference in DPS on amounts adjusted by MSEDCL and not adjusted by MSETCL. Hence difference of DPS claimed by MSETCL & recognised by MSEDCL as on 31.03.2020 is shown as Contingent Liability i.e., Rs 79,364 Lakhs against MSETCL.

c) DPS of IPPs:

Power Purchase Agreement (PPA) with IPPs provides for delayed payment surcharge at SBI Prime Lending Rate plus 2%. Accordingly, MSEDCL has provided for DPS at this rate till March 2016. However, RBI has introduced Base Rate system in place of PLR system w.e.f. 01.07.2010. MSEDCL has filed an appeal in Hon. APTEL vide appeal No. 77 of 2018. The matter is being pleaded in APTEL and next hearing is scheduled on 02.03.2021.

MSEDCL has recalculated DPS liability of IPPs on the basis of applicable Base Rate / MCLR from time to time and accordingly, MSEDCL has booked surcharge as per MCLR in place of PLR. However, IPPs are continuing to claim DPS as per PLR rate.

Hence, there is difference of Rs 2,84,428 Lakhs in the amount of DPS claim which is considered as contingent liability as detailed below.

(Rs in Lakhs)

Particulars	Contingent Liability on account of DPS	
	As at 31.03.2020	**As at 31.03.2019**
Adani Power Maharashtra Ltd 1320 MW	97,186	36,077
Adani Power Maharashtra Ltd 1200 MW	1,15,422	35,861
Adani Power Maharashtra Ltd 125 MW	12,304	2,267
Adani Power Maharashtra Ltd 440 MW	14,328	2,862
Rattan India Power Ltd 450 MW	16,592	6,979
Rattan India Power Ltd 750 MW	11,735	4,443
JSW Energy Limited	10,890	9,417
GMR Warora Energy Ltd	5,971	2,880
TOTAL	**2,84,428**	**1,00,786**

(D) Dispute in Encashment of CPG:

MSEDCL had PPA with Lanco Vidarbh (the Generator) towards supply of power of 680 MW. LancoVidarbh failed to achieve the Schedule Commercial Operation Date (SCOD) as stipulated. As per terms of the PPA, MSEDCL has encashed the Contract Performance Guarantee (CPG) amounting to Rs 5,100 Lakhs and recognised as income in the year of encashment.

However, the Generator approached the State Commission. Accordingly, MERC has directed to return the Bank Guarantee (BG) amount vide order in case no. 85 of 2016 & 135 of 2015. MSEDCL has filed an appeal before APTEL. The amount Rs 5,100 Lakhs (PY Rs5,100 Lakhs) is considered as contingent liability.

(E) Most of the above mentioned amounts [covered by paragraphs (A) to (D) above] considered as Contingent Liability, if crystallised, would be allowed to be recovered through Aggregate Revenue Requirement (ARR) as per MERC Regulations, and are potential contingent assets. However, the amount of contingent asset, if any, that may arise on this account is not considered as such.

(iv) **Interest Free Loan from Maharashtra Industrial Development Corporation (MIDC):**

The various electrical infrastructures up gradation and system improvement work at MIDC areas are carried out by MSEDCL. Considering the urgency, necessity and financial condition of MSEDCL, MIDC itself executes the work or provides funds to MSEDCL. The cost incurred by MIDC or funds provided by MIDC are treated as interest free loan from MIDC.

MIDC has raised claim of various works done under MIDC areas amounting to Rs 11,669 Lakhs, out of which based on details available, MSEDCL based on available records has accepted claims amounting to Rs4,729 Lakhs and accounted for the same as interest free loan.

On the basis of Work Completion Report (WCR) and Handing Over Taking Over document received from field offices matched with the details provided by MIDC, MSEDCL has repaid Rs 2,224 Lakhs to MIDC Out of Rs 4,729 Lakhs. Rs2,505 Lakhs are still unpaid due to non-availability of WCR and Handing Over Taking Over document. The amount not accounted of Rs 6,940 Lakhs (Rs 11,669 Lakhs - Rs 4,729 Lakhs) has been considered as Contingent Liability. The amount Rs 6,940 lakhs when accounted would be capitalised.

Further, MIDC has sanctioned Rs 9,848 Lakhs vide letter dated 23.01.2017, and the same is received by MSEDCL on 24.01.2017. MIDC has not provided the detailed terms and condition of repayment of principal amount and interest payment.

However, MSEDCL vide letter dated 15.03.2017, 20.06.2017, 26.02.2018, 29.08.2018, 28.01.2019 and 02.04.2020 requested MIDC to provide the Work Completion Report (WCR) and Handing Over Taking Over document against Rs 9,271 Lakhs (Total Claim of MIDC Rs 11,669 Lakhs - Refunded amount to MIDC Rs 2,224 Lakhs - Rs 174 Lakhs unpaid) and repayment schedule of the interest free loan of Rs 9,848 Lakhs.

Hence the total outstanding balance against MIDC Interest Free Loan is Rs 12,352 Lakhs as on 31st March 2020 (Rs 2,505 Lakhs + Rs 9,848 Lakhs).

(v) Deposits made by MSEDCL with MERC against user charges for use of assets of Mula-Pravara Electric Co-op. Society Ltd.:

Mula-Pravara Electric Co-op. Society Ltd. (MPECS) was in the business of Distribution of Electricity as a Licensee from 1970. Govt. of Maharashtra (GoM) had taken a decision with respect to viable rate to be charged to MPECS for the period from April 1977 to April 2000 in the month of May 1999. Due to the implementation of GoM's decision of viable tariff, erstwhile MSEB suffered a revenue loss of Rs 22,100 Lakhs. The MERC had determined the tariff rate to be charged to MPECS from May 2000. MPECS had continued defaulting full payment from 1977 due to which at the end of Jan. 2011 arrears amounted to Rs 2,34,920 Lakhs. MPECS challenged the tariff determined by MERC. The matter is pending before Hon'ble Supreme Court and no interim stay has been granted to MPECS.

MSEDCL has also filed suit for recovery of arrears of Rs 2,34,920 Lakhs before Civil Court, Shrirampur.

Considering the expiry of license of MPECS, MSEDCL filed a petition before MERC for revocation/ suspension of MPECS license. Similarly MPECS also filed a petition for grant/ continuation of license. Considering the expiry of licensee of MPECS on 31.01.2011, MERC vide its order dt. 27.01.2011 permitted MSEDCL to supply the electricity in the areas of MPECS and decided the issue of license in favour of MSEDCL. Accordingly, MSEDCL is supplying the electricity w.e.f. 01.02.2011 in the said areas earlier serviced by MPECS using the infrastructure of MPECS.

MPECS challenged MERC order dt. 27.01.2011 and filed petition before Hon'ble APTEL. Hon'ble APETEL vide its orderdt. 16.12.2011 directed MERC to review its decision for grant of license to MSEDCL and also directed to continue the existing arrangement of supplying electricity in MPECS area by MSEDCL, subject to payment of charges for use of distribution network of MPECS by MSEDCL.

MERC decided that MSEDCL being a deemed licensee, does not require fresh license after expiry of license of MPECS. MPECS challenged MERC order before ATPEL. These appeals are still pending before Hon'ble APTEL.

In the MPECS petition for user charges, MERC directed MSEDCL to carry out the valuation of assets of MPECS and directed to pay Rs 100 lakhs per month as interim charges for use of assets to MPECS and directed MPECS to provide the necessary details for valuation of assets to MSEDCL. However, since MPECS failed to produce the fixed assets register and necessary documents to MSEDCL, interim charges were not paid and valuation could not be done. Considering this MERC dismissed the matter of determination of user charges stating that, in the absence of the valuation of assets, MERC may not be able to determine the charges payable by MSEDCL to MPECS for the use of the distribution assets.

MPECS thereafter filed appeal before Hon'ble APTEL in this regard in which Hon'ble APTEL vide its order dated 13.3.2015 directed MSEDCL to pay Rs 100 Lakhs to MPECS as interim arrangement and also directed MERC to carry out valuation of assets. The order of APTEL was challenged by MSEDCL before Hon'ble Supreme Court Hon'ble Supreme Court has directed to deposit Rs 100 Lakhs per month to MERC instead of paying it to MPECS.

Accordingly, based on consultant's valuation report, MERC determined monthly charges payable to MPECS vide its order dt. 02.05.2016. MSEDCL, being aggrieved by the said order, has challenged MERC order dt. 02.05.2016 before Hon'ble APTEL and Hon'ble APTEL on said appeal has passed an order directing as under-

a) The amount of Rs 6,364 Lakhs deposited by MSEDCL with the MERC together with interest accrued thereon be released to MPECS and consequently adjusted as user charges.

b) MSEDCL will continue to pay an amount of Rs100 Lakhs per month to MPECS.

c) MSEDCL to deposit monthly charges as per monthly schedule determined with MERC, after deducting Rs100 Lakhs paid to MPECS.

Accordingly, MSEDCL has made payment as under:

(Rs in Lakhs)

Particulars	Paid up to 31.03.2019	Paid during FY 2019-20	Paid up to 31.03.2020
MPESC (charged to statement of profit and loss)	**9,864**	**1,200**	**11,064**
MERC (Deposit)	45,709	2,842	48,551
Total	**55,573**	**4,042**	**59,615**

As such, the amount of Rs 48,551 Lakhs (PY Rs 45,709 Lakhs) deposited with MERC is considered as a contingent liability.

(vi) Others:

These claims relate to various cases filed against MSEDCL mainly for matters related with tariff levied in the energy bill, unauthorised use of power, compensation claim in case of fatal & non-fatal accidents and interest on outstanding payment to the vendors. These claims have been disputed by MSEDCL.

It is not practicable for the Company to estimate the timings of cash out flows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments/ decisions pending with various forums/ authorities. The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

II. Contingent Asset includes:

Contingent Asset includes following billing dispute Cases.

(Rs in Lakhs)

Sr. No.	Particular	As at 31.03.2020	As at 31.03.2019
1	Vodafone India Ltd. (since merged with and post mergerw.e.f. 31.08.2018 known as Vodafone Idea Ltd.)	1,284	1,167
2	Idea Cellular Ltd (since merged with and post mergerw.e.f. 31.08.2018 known as Vodafone Idea Ltd.)	2,481	2,275
3	Various Suppliers of Materials	31,808	31,808
4	Others	8060	-
	Total	**43,634**	**35,250**

Vodafone India Ltd. and Idea Cellular Ltd. (both have merged with effect from 31st August 2018 and post-merger known as Vodafone Idea Ltd.) are High Tension (HT) consumers who were initially billed at industrial tariff. However, it has been observed that no industrial activity is carried out by these consumers and as such it would be appropriate to levy commercial tariff to them. Hence, the tariff category is changed and the differential amount was charged to the consumers. Aggrieved by this demand, these consumers filed writ petition in High Court for continuation of industrial tariff. The order in these matters is awaited. Since the revenue is booked as per industrial tariff, the differential amount is shown as contingent asset.

III. Other Commitments:

The Company has executed PPAs for purchase of power up to capacity of around 38,216 MW for FY 2019-2020 (PY 36,589 MW) with various Individual Power Plants (IPPs) and is committed to procuring power as per the requirement and on Merit Order Dispatch (MOD) principle as directed by MERC, at the rate as applicable from time to time.

Note 43: Leases

I. In respect of MSEBHCL:

In the absence of information about Lease period due to ongoing litigations with the lessors, there is reasonable uncertainty about the lease period as well as the future lease payments etc. of the leasehold land / premises, it is not possible to provide lease disclosure in accordance with Ind AS-116.

II. In respect of MSPGCL:

A. Leases as lessee

a) The Company enters into cancellable/non-cancellable operating lease arrangements for Hydro Plants, land, office premises, staff quarters and others. As mandated under Ind AS 116, Company has recognised Right To Use Assets and corresponding Lease Liability in the Balance Sheet. Consequently, Depreciation on Lease Assets and Interest on Lease Liabilities have been recognised in statement of Profit and Loss.

The undiscounted cash outflows towards lease payments of non-cancellable leases are as under:

A) Movement in Lease Liabilities

(Rs.in Crores)

Particulars	For the year ended 31.03.2020
Balance as on 1st April, 2019	--
Additions	3685.51
Finance cost accrued during the period	377.72
Payment of lease liabilities	525.06
Balance as on 31st March, 2020	**3538.18**

B) Maturity Analysis of Lease Liabilities

(Rs.in Crores)

Particulars	For the year ended 31.03.2020
Maturity Analysis - Contractual undiscounted Cash Flows	
Less than one year	480.78
One to five years	2267.64
More than five years	4695.54
Total Undiscounted Lease Liabilities	**7443.96**

C) Amount Recognized in the Statement of Profit & Loss

(Rs.In Crores)

Particulars	For the year ended 31.03.2020
Interest on Lease Liabilities	377.72
Depreciation on Lease Asset	253.94

Ascertainment of Lease in the Power Purchase Arrangement:

The company has entered into the power purchase agreement with MSEDCL. The significant output of power generated from the Company's plants is sold to MSEDCL. Hence company tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is revealed that the arrangement conveys the right to use the assets to MSEDCL, however, the losses arising out of non-maintenance of availability of power plant for power generation are borne by Mahagenco. Accordingly, there is no transfer of risks & rewards to MSEDCL to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

III. In respect of MSETCL:

Ind AS 116 Transition

Ministry of Corporate Affairs (“MCA”) has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases,and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure ofleases for both lessees and lessors. Ind AS 116 requires lessee to recognise assets and liabilities for all the leases which conveysthe right to use an asset for a period of time in exchange for consideration. Under Ind AS 17, lease arrangements where risk andrewards incidental to ownership of assets substantially vest to lessors were indentified as operating leases. Ind AS 116 requiresto recognise depreciation and interest cost instead of rent expenses as hitherto done under Ind AS 17.

The Company has adopted Ind AS 116 “Leases” with effect from April 1, 2019, with a modified retrospective approach. The cumulativeeffect of initial application of Ind AS 116, has been adjusted in opening retained earnings on the date of application i.e. April 1, 2019, as permitted by standard. Similar impact on the results of the year ended March 31, 2020 is also not material. The Company has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss. Company uses borrowing rate of 10.04% as considered by MERC during the approval of Interest Expenses on Normative Loans in its ARR Orders.

I) Leases as Lessee

Finance Lease

The company has taken land on lease from Government of Maharashtra , CIDCO , MIDC , etc for construction of substation and lines for 99 years and more by payment of upfront premium.Such lease arrangements have been considered as finance lease.

As on 31.03.2020

(Rs. in lakhs)

Particulars	Land
Gross carrying amount	18,874.96
Accumulated amortisation	--
Amortisation recognised in statement of P&L	90.66

As on 31.03.2019

(Rs. in lakhs)

Particulars	Land
Gross carrying amount	12,076.98
Accumulated amortisation	1.16
Amortisation recognised in statement of P&L	82.11

Reconciliation of lease commitment under Ind AS 17 and lease liability recognised as at the date of transition i.e. 1st April 2019.

A. Impact on Revenue Account

Particulars	(Rs. in lakhs)
Lease Rent	2016.05
Total as per Ind AS-17	**2016.05**
Depreciation on ROU Asset	1689.22
Interest on Leased Liability	604.72
Total as per Ind AS-116	**2293.94**
Total	**277.89**

B. Impact on Balancesheet

Particulars	(Rs. in lakhs)
Recognition of ROU Asset as on 01.04.2019	6690.62
Depreciation during FY 2019-2020	(1689.22)
Carrying value of ROU Asset as on 31.03.2020	**5001.40**
Recognition of Lease liability as on 01.04.2019	(6690.62)
Interest on Leased Liability for FY 2019-2020	604.72
Lease Rent during FY 2019-20	2016.05
Lease Liability as on 31.03.2020	**(5279.29)**

The Company's significant leasing/ licensing arrangements are mainly in respect of office premises. Leases generally have a lease term ranging for 60 months. Most of the leases are renewable by mutual consent on mutually agreeable terms.

Finance costs includes interest expense amounting to Rs 604.72 Lakhs for the year ended 31st March 2020 on lease liablity accounted in accordance with Ind AS 116 "Leases".

Lease liabilities

(Rs. in lakhs)

Particulars	As at 31st March 2020
Maturity Analysis - Contractual undiscounted Cash Flows	
Less than one year	2016.05
More than one years	4032.11
Total undiscounted lease liabilities	**6048.16**
Lease liabilities included in financial position	
Current	1584.67
Non current	3657.38

II) Leases as lessor

The Company has given land to Maharashtra Eastern Grid Power Transmission Company Limited for 20 years for construction of 765/400 sub-station. All the land cost have been received from MEGPTL. Hence assets is adjusted and kept at Re 1.

IV. In respect of MSEDCL:

(i) Ascertainment of Lease in the Power Purchase Arrangement:

MSEDCL has entered into the power purchase agreements with MSPGCL and other generators. The significant output of power generated from MSPGCL and other generators is purchased by MSEDCL. Hence MSEDCL has tested the said power purchase arrangements so as to determine whether the arrangement contains an element of lease. It is identified that the arrangement conveys that MSEDCL has "right" to use of the assets of MSPGCL and other generators. However, MSEDCL has no obligation over the losses arising out of non-availability of power plant for power generation due to non-maintenance and the costs are borne by them. Accordingly, there is no transfer of risks & rewards to the Company from MSPGCL and other generators to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

(ii) Leases Arrangements in Other Assets

The Company has applied Ind AS 116 with a date of initial application of 1st April, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognized as at 1st April, 2019. Under Ind AS 116, the Company recognizes the right-of-use assets and lease liabilities as stated in the Note 3B, 18 and 23. The Company recognised right-of-use assets and lease liabilities for those leases which were previously classified as operating leases, (except for leases amounting to Rs 11 Lakhs, where rent is less than Rs 10 lakh per month, recognised as an expense during FY 2019-20). The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognised in the balance sheet as on 31st March, 2019. There is no impact on retained earnings as at 1st April, 2019. The Company has applied Ind AS 116 only to the contracts that were previously identified as leases.

The following is the carrying amounts of Company's Right of use assets and the movement in lease liabilities during the year ended 31st March, 2020:

(Rs in Lakhs)

Particulars	Amount for FY 2019-20
Right of use assets (Property, Plant and Equipment)	
Additions on account of adoption of Ind AS 116 (on 1st April, 2019)	15,426
Depreciation and Amortisation Expenses	3,856
As at 31st March, 2020	11,569
Lease Liability as at 1st April, 2019	15,426
Lease Interest	1,433
Repayment of Lease Liabilities	4,719
Lease Liability as at 31st March, 2020	12,140
Lease Liability – Non Current	8,500
Lease Liability – Current	3,640

• Impact on the Statement of Profit and Loss for year ended 31st March, 2020

(Rs in Lakhs)

Particulars	**Right of use assets** (Property, Plant and Equipment)
Depreciation expense of right-of-use assets	3,856
Interest on Leases (included in Finance expenses)	1,434
Total amount recognised in profit or loss	5,290

The Company has been supplying electricity in the areas previously being serviced by Mula Pravara Electric Co-operative Society (MPECS) and has been using its infrastructure for the said purpose. The matter relating to payment of user charges is under dispute as mentioned above in Note 54(1)(I)(a)(v). Pending resolution of the dispute and in the absence of necessary contract, assessment as to applicability of Ind AS 116 has not been made.

Note 44 : Employee Benefits

I] In respect of MSEBHCL:

1. Provision for Gratuity and leave encashment has been accounted for on the basis of actuarial valuation.

2. During the year the Company has carried out Actuarial Valuation of Gratuity and Leave Encashment. Short\Excess provision arising out of the same is charged/credited to Profit & Loss Account and Other Comprehensive Income. Disclosureas per IND AS 19 has been given to the extent available in the Report of Actuary.

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Discount	6.72%	7.40%	6.72%	7.40%
Salary Increase Rate	6.00%	6.00%	6.00%	6.00%
Withdrawal Rate	2.00%	2.00%	2.00%	2.00%
Retirement Age	58 & 60 yrs	58 & 60 yrs	**Class I, II, III- 58 yrs Class IV -60 Yrs**	**Class I, II, III- 58 yrs Class IV -60 Yrs**

Table 1. Total Expenses Recognised in the Statement of Profit & Loss Account

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Service cost				
a. Current Service cost	1,170,260	1,333,576	1,297,539	1,643,011
b. Past Service Cost	-	-	-	-
c. (Gain)/Loss on settlements	-	-	-	-
d. Total Service cost	1,170,260	1,333,576	1,297,539	1,643,011
Net Interest Cost				
a. Interest expense on DBO	1,814,046	2,258,489	1,587,855	2,005,535
b. Interest (income) on plan assets	-	-	-	-
c. Interest expense on effect of (asset ceiling)	-	-	-	-
e. Total net interest cost	1,814,046	2,258,489	1,587,855	2,005,535
Immediate Recognition of (Gains)/Losses-Other Long Term Benefits	-	-	3,940,395	(4,170,522)
Other expenses/adjustments	-	-	-	-
Defined Benefit cost included in P & L	2,984,306	3,592,065	6,825,789	(521,976)

Table 2: Remeasurement Effects Recognized in other Comprehensive Income (OCI)

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
a. Actuarial (Gain)/Loss due to Demographic Assumption changes in DBO	(75,363)	-	-	-

b. Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	1,016,958	353,307	-	-
c. Actuarial (Gain)/Loss due to Experience on DBO	5,061,460	(2,611,784)	-	-
d. Return on Plan Assets (Greater)/ Less than Discount rate	-	-	-	-
e. Changes in asset ceiling / onerous liability (excluding interest income)	-	-	-	-
f. Total Actuarial (Gain)/ Loss included in OCI	**6,003,055**	**(2,258,477)**	**-**	**-**

Table 3: Total Cost Recognised in Comprehensive Income

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Cost Recognised in P&L	2,984,306	3,592,065	6,825,789	(521,976)
Remeasurements Effects Recognised in OCI	6,003,055	(2,258,477)	-	-
Total cost Recognised in Comprehensive Income	**8,987,361**	**1,333,568**	**6,825,789**	**(521,976)**

Table 4 : Change in Defined Benefit Obligation

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Defined Benefit Obligation as of Prior Year	29,355,872	32,085,830	24,864,476	28,188,071
Service Cost				
a. Current Service cost	1,170,260	1,333,576	1,297,539	1,643,011
b. Past service cost	-	-	-	-
c. (Gain)/Loss on settlements	-	-	-	-
Interest Cost	1,814,046	2,258,489	1,587,855	2,005,535
Benefit payments from plan assets	-	-	-	-
Benefit payments directly by employer	(9,178,844)	(4,063,546)	(4,754,049)	(2,801,619)
Settlements	-	-	-	-
Participant contribution	-	-		
Acquisition/ Divestiture	-	-	-	-

Actuarial (Gain)/ Loss –Demographic Assumptions	(75,363)	-	(3,827)	-
Actuarial (Gain)/ Loss –Financial	1,016,958	353,307	1,074,295	376,526
Actuarial (Gain)/ Loss –Experience	5,061,460	(2,611,784)	2,869,927	(4,547,048)
Other Expenses/adjustments	-	-	-	-
Defined Benefit Obligation as of Current Year	29,164,389	29,355,872	26,936,216	24,864,476

Table 5 : Change in Fair Value of Plan Assets

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Fair value of plan assets at end of prior year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Employer contributions	-	-	-	-
Participant contributions				
Benefit payments from plan assets	-	-	-	-
Settlements	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Actuarial (Gain)/ Loss on Plan Assets	-	-	-	-
Fair value of plan assets at end of year	-	-	-	-

Table 6 : Net Defined Benefit Asset/ (Liability)

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Defined Benefit Obligation	29,164,389	29,355,872	26,936,216	24,864,476
Fair Value of Plan Assets	-	-	-	-
(Surplus)/ Deficit	29,164,389	29,355,872	26,936,216	24,864,476
Effect of Asset Ceiling	-	-	-	-
Net Defined Benefit Liability/ (Asset)	29,164,389	29,355,872	26,936,216	24,864,476

Table 7 : Reconciliation of Amounts in Balance Sheet

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Net defined benefit liability (asset) at prior year end	29,355,872	32,085,830	24,864,476	28,188,071
Defined benefit cost included in P&L	2,984,306	3,592,065	6,825,789	(521,976)
Total remeasurements included in OCI	6,003,055	(2,258,477)	-	-
Other significant events/ One time Ind AS 19 Adjustment	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Amounts recognized due to plan combinations	-	-	-	-
Employer contributions	-	-	-	-
Direct benefit payments by Employer	(9,178,844)	(4,063,546)	(4,754,049)	(2,801,619)
Effect of changes in foreign exchange rates				
Net defined benefit liability (asset)- end of period	29,164,389	29,355,872	26,936,216	24,864,476

Table 8 : Reconciliation of Statement of Other Comprehensive Income

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Reconciliation of Statement of Other Comprehensive Income				
Cumulative OCI- (Income)/Loss, Beginning of Period	(11,243,714)	(8,985,237)	-	-
Total remeasurements included in OCI	6,003,055	(2,258,477)	-	-
Cumulative OCI- (Income)/ Expenses,End of Period	(5,240,658)	(11,243,714)	-	-

Table 9 : Current / Non Current Liability

Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
Current Liability	5,935,761	9,683,484	4,728,047	6,813,945
Non-Current Liability	23,228,629	19,672,388	22,208,169	18,050,531
Non-Current asset	-	-	-	-
Total	**29,164,389**	**29,355,872**	**26,936,216**	**24,864,476**

Table 10 : Expected Future Cashflows

(Amount in Rs.)

Particulars	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
Year 1	5,935,761	9,683,484	4,728,047	6,813,945
Year 2	5,092,325	4,338,373	4,398,341	3,142,971
Year 3	622,178	1,716,077	573,028	1,427,154
Year 4	5,061,661	3,507,278	4,080,502	2,708,424
Year 5	3,834,849	3,911,465	3,332,196	3,333,674
Year 6 to 10	11,726,435	10,851,062	12,128,666	10,467,851

Table 11 : Components of Defined Benefit Cost for Next Year

(Amount in Rs.)

Particulars	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)
	01/04/2020 to 31/3/2021	01/04/2020 to 31/3/2021
Service Cost		
a. Current Service Cost	1,466,915	1,621,468
b. Past service cost	-	-
c. (Gain)/ loss on settlements	-	-
d. Total Service Cost	1,466,915	1,621,468
Net interest cost		
a. Interest expense on DBO	1,760,405	1,651,251
b. Interest (income) on plan assets	-	-
c. Interest expense on effect of (asset ceiling	-	-
d. Total net interest cost	1,760,405	1,651,251
Administrative expenses and taxes	-	-
Defined benefit cost included in P&L	3,227,320	3,272,719

Plan Assets

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2019-20	2018-19	2019-20	2018-19
The weighted- average asset allocations at the year end were as follows:				
Equities	0.00 %	0.00 %	0.00 %	0.00 %
Bonds	0.00 %	0.00 %	0.00 %	0.00 %

Gilts	0.00 %	0.00 %	0.00 %	0.00 %
Pooled assets with an insurance company	0.00 %	0.00 %	0.00 %	0.00 %
Other	0.00 %	0.00 %	0.00 %	0.00 %
Total	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**
Actual return on plan assets	-	-	-	-

Sensitivity Analysis

Particulars	**Gratuity**		**Leave Encashment**	
	(Unfunded)		**(Unfunded)**	
Defined Benefit Obligation	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Discount rate				
a. Discount rate - 100 basis points	30,835,106	30,621,299	28,719,951	26,228,730
a. Discount rate - 100 basis pointsimpact(%)	5.73%	4.31%	6.62%	5.49%
b. Discount rate + 100 basis points	27,698,177	28,220,433	25,390,238	23,661,436
b. Discount rate + 100 basis points impact(%)	-5.03%	-3.87%	-5.74%	-4.84%
Salary increase rate				
a. Discount rate – 100 basis points	27,675,729	28,204,938	25,366,620	23,635,646
a. Discount rate - 100 basis points impact(%)	-5.10%	-3.92%	-5.83%	-4.94%
b. Discount rate + 100 basis points	30,830,489	30,617,114	28,714,840	26,234,160
b. Discount rate + 100 basis points impact(%)	5.71%	4.30%	6.60%	5.51%

Valuation done by the actuary is relied upon.

II] In respect of MSPGCL:

The Company contributes to the following post-employment defined benefit plans in India.

Defined Benefit Plans

(i) Provident Fund:

The Company's contribution to the Provident Fund is remitted to a separate trust established for all the Group companies based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Gratuity & Leave encashment:

Liability towards long term defined employee benefits - leave encashment and gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded.

GRATUITY

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

(Rs in crores)

	Defined benefit obligation	
	31st March 2020	**31st March 2019**
Opening balance	536.70	581.09
Interest Cost Included in profit or loss	41.65	45.21
Current service cost	24.45	24.31
Past service cost	--	--
Interest cost (income)	602.80	650.61
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	33.38	0.55
Experience adjustment	130.94	0.18
Return on plan assets excluding interest income		
	164.32	**0.74**
Other		
Contributions paid by the employer		
Benefits paid	(106.03)	(114.65)
Closing balance	661.08	536.70
Represented by		
Net defined benefit asset		
Net defined benefit liability	**661.08**	**536.70**
	661.08	**536.70**

B. Defined benefit obligations

i. Actuarial assumptions

Further, assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	31st March 2020	31st March 2019
Discount rate	6.87%	7.76%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Rs in crores)

	31st March 2020		31st March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(18.75)	20.08	(13.38)	14.26
Future salary growth (0.5% movement)	20.35	(19.16)	14.58	(13.79)
Employee Turnover (0.5% movement)	2.82	(2.99)	2.99	(3.16)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

iii. Maturity Analysis of Defined Benefit Obligation

Defined Benefits Payable in Future Years From the Date of Reporting

(Rs in crores)

	31st March 2020	31st March 2019
1st Following Year	132.72	111.29
2nd Following Year	57.91	57.36
3rd Following Year	80.62	74.06
4th Following Year	67.90	62.01
5th Following Year	58.65	52.86
Sum of Years 6 to 10	224.51	187.02
Sum of Years 11 and above	511.82	391.91

LEAVE ENCASHMENT

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

(Rs in crores)

	Defined benefit obligation	
	31st March 2020	**31st March 2019**
Opening balance	526.41	560.51
Interest Cost Included in profit or loss	40.85	43.61
Current service cost	12.54	11.91
Past service cost	--	--
Interest cost (income)		
	579.79	**616.03**
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	37.80	0.62
Experience adjustment	153.11	17.29
Return on plan assets excluding interest income		
	190.91	17.90
Other		
Contributions paid by the employer		
Benefits paid	(88.71)	(107.53)
Closing balance	681.99	526.41
Represented by		
Net defined benefit asset		
Net defined benefit liability	**681.99**	**526.41**
	681.99	**526.41**

B. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31st March 2020	**31st March 2019**
Discount rate	6.87%	7.76%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

B) The provident fund plan of the Company is operated by the "Maharashtra State Power Generation Company Limited Employees Provident Fund Trust" (the "Trust"). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. During the year, since the market value of investment is less than subscription liability of the Trust, the liability on this account recognised in Profit & Loss account is Rs.1.21crs (P.Y. Rs. Nil).

Description of Plan Assets

Particulars	31st March 2020	31st March 2019
Category -I (a)- GOI	8.19%	8.37%
Category -I (a)-SDL	28.98%	27.89%
Category - I(b)	6.99%	4.81%
Category - II(a)	27.64%	30.37%
Category - II(b)	2.12%	1.90%
Category - IV(c)	2.37%	1.66%
Special Deposit Scheme	23.70%	24.99%

II] In respect of MSETCL:

Defined Contribution Plans

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss. According to the Management, the Actuary has opined that actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. The investment value is excess by Rs. 3,653.33 Lakhs (P.Y. Rs. 3,593.92 Lakhs shortage) than subscription value, hence provision is made accordingly. The Company recognised Rs. 7,369.79 lakhs (previous year Rs. 7,626.36 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Provident Fund

i) The amount recognized in balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under:

(Rs. In Lakhs)

Particulars	31st March 2020	31st March 2019
Liability for subscriptions and interest payable to employees at the end of the year	1,48,275.97	1,35,693.92
Fair value of plan assets at the end of the year	1,51,929.30	1,32,100.00
Net Liability	(3653.33)	3593.92

ii) Description of plan assets

Particulars	31st March 2020	31st March 2019
Government Securities (GOI)	8.19%	8.37%
State Development Loan (SDL)	28.98%	27.90%
Other Security Guarantee by Central/State Govt	6.99%	4.81%
Debt's and Other Related Instrument	27.64%	30.37%
Others	2.12%	1.90%
Exchange Traded Fund (ETF) SBI & UTI	2.37%	1.66%
Special Deposit Schemes(SDS)	23.70%	24.99%

Defined Benefit Plan: Gratuity

Liability towards long term defined employee benefits - leave encashment, gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

Gratuity (Unfunded)

Movement in net defined benefit (asset)/ liability

i) Reconciliation of opening and closing balances of Gratuity obligation

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Defined benefit obligation at the beginning of the year	35,809.42	38,401.32
Current service cost	1,921.80	1,948.24
Past Service Cost		
Interest cost	2,789.55	2,968.42
Actuarial (gain)/loss	12,743.20	413.07
Benefits paid	(8,220.80)	(7,921.63)
Defined benefit obligation at the end of the year	45,043.17	35,809.42

ii) Reconciliation of opening and closing balances of fair value of plan assets

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Fair value of plan assets at the beginning of the year	--	--
Expected return on plan assets	--	--
Actuarial (gain)/loss	--	--
Employer contribution	--	--
Benefits paid	--	--
Fair value of plan assets as at the end of the year	--	--

iii) Reconciliation of fair value of assets and obligations:

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Fair value of plan assets as at the end of the year	--	--
Present value of obligations as at the end of the year	(45,043.17)	(35,809.42)
Unfunded (Liability)/asset recognized in the Balance Sheet	(45,043.17)	(35,809.42)

iv) Amount recognized in the Statement of Profit and Loss :

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Current service cost	1921.80	1948.24
Interest cost	2789.55	2968.42
Past Service Cost	--	--
Expected return on plan assets	--	--
Net Actuarial (gain)/loss	--	--
Total expenses recognized in the Statement of Profit and Loss account	4711.35	4916.66
Actual return on plan assets	--	--

v)

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	--	--
- Changes in Financial arrangements	2927.79	(140.82)
- Changes in the effect of limiting a net defined benefit asset ceiling, excluding amounts included in interest	--	--
- Experience adjustments	9815.41	553.89
- Return on Plan assets excluding amounts net interest cost	--	--

vi) Major Actuarial Assumptions:

Particulars	31st March 2020	31st March 2019
Discount rate	6.89%	7.79%
Estimated return on plan assets	NA	NA
Salary increment	5%	5%
Employee turnover	2%	2%

Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	NA	NA

vii) The expected future cash flows as on :

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Projected benefits payable in future years from the date of reporting		
1st Following Year	6,657.36	6,993.77
2nd Following Year	3,640.41	3,470.12
3rd Following Year	4,017.20	3,977.66
4th Following Year	3,904.92	3,084.09
5th Following Year	3,394.46	3,014.16
Sum of Years 6 to 10	15,145.40	11,166.34
Sum of Years 11 and above	53,597.72	40,729.45

viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
(+) 1% change in rate of discounting	(3229.48)	(2176.11)
(-) 1% change in rate of discounting	3762.82	2519.40
(+) 1% change in rate of salary increase	3796.41	2564.22
(-) 1% change in rate of salary increase	(3312.42)	(2249.18)
(+) 1% change in rate of employee turnover	571.73	585.72
(-) 1% change in rate of employee turnover	(645.04)	(659.08)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

c) Long Term Benefits: Leave Encashment

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Projected Benefit Obligation	34,284.94	25,942.38
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

ii) Major Actuarial Assumptions (Earn Leave Valuation)

Particulars	31st March 2020	31st March 2019
Discount rate	6.89%	7.79%
Salary Escalation rate	5%	5%
Attrition rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Particulars		
Retirement Age	58 & 60 years	58 , 60 & 65 years
While in service encashment rate	10% for the next year	10% for the next year

iii) The Projected Benefit Obligation towards this Accumulating paid absences (Half paid leave) is tabulated below:

(Rs. in lakhs)

Particulars	31st March 2020	31st March 2019
Projected Benefit Obligation	14,412.15	12,271.35
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

iv) Major Actuarial Assumptions (Half paid leave)

Particulars	31st March 2020	31st March 2019
Discount rate	6.89%	7.79%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement	58 & 60 years	58 , 60 & 65 years

In respect of MSEDCL:

Post-Employment Benefits:

A) Defined Benefit Plan:

(i) Provident Fund :

The Company makes separate contribution towards provident fund to a defined benefit retirement plan. The provident fund is administered by the Trustees of the Maharashtra State Electricity Board's Contributory Provident Fund Trust (CPF Trust). Under the Scheme, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit. In keeping with the guidance on implementing Ind AS 19 Employee Benefits, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. However, there is no further liability which remained to be provided as at the end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficit, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the Company and recognized as expenses. During the year, the fair value of plan assets at the end of the year is more than the liability for subscription and interest as given under.

(a) The amount recognized in Balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under:

(Rs in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
1.	Liability for subscriptions and interest payable to employees at the end of year	6,08,383	6,07,553
2.	Fair Value of Plan Assets at the end of year	6,41,427	6,13,456
3.	Surplus	33,090	*5,903

*Above mentioned figures as at 31.03.2019 does not include the additional impact of provident fund of Rs 4,460 Lakhs arising on account of pay revision, which took place on 11th Sept, 2019 w.e.f. 01st April, 2018.

(b) Description of Plan Assets :

Sr. No.	Particulars	For the year ended 31st March, 2020 (in%)	For the year ended 31st March, 2019 (in %)
1.	Central Government Securities	8.19	8.37
2.	Other Securities	28.98	27.89
3.	Listed Debt Securities	6.99	4.81
4.	Basel III Tier-I Bonds	29.77	32.27
5.	Exchange Traded Funds (EFT's)	2.37	1.66
6.	Special Deposit Scheme	23.70	24.99

(ii) Gratuity (Unfunded Defined Benefit Plan) :

Gratuity payable to all employees of MSEDCL is as per the provisions of the Payment of the Gratuity (Amendment) Act, 2018 or MSEB Gratuity Regulations 1960, whichever is beneficial to the employees.

Gratuity and Long Term Compensated Absences - as per actuarial valuations by independent actuaries at the year-end by using projected unit credit method as on 31st March, 2020 are recognized in the financial statements in respect of Employees Benefits Schemes.

Details of Gratuity disclosure as required by Ind AS –19 are given hereunder:

Table1. Change in Defined Benefit Obligation during the period

(Rs in Lakhs)

Particulars	Gratuity	
	01.04.19 to 31.03.20	01.04.18 to 31.03.19
Opening Defined Benefit Obligation	2,24,756	2,09,905
Current Service Cost	13,748	12,495
Past Service Cost	-	-
Interest Cost	15,786	14,904
Actual Plan Participants' Contributions	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	(38,702)	(37,638)
Past Service Cost	-	-
Curtailments/Settlements	-	-
Actuarial (Gains)/Losses	12,056	25,089
Closing Defined Benefit Obligation	2,27,644	2,24,756

Table 2. Net Defined Benefit Asset/ (Liability)

(Rs in Lakhs)

Particulars	Gratuity	
	01.04.19 to 31.03.20	01.04.18 to 31.03.19
Defined Benefit Obligation	2,27,644	2,24,756
Fair Value of plan Assets	-	-
(Surplus)/Deficit	2,27,644	2,24,756
Effect of Asset Ceiling	-	-
Net Defined Benefit Liability/(Asset)	2,27,644	2,24,756

Table 3: Major Actuarial Assumptions

Description	31st March 2020	31st March 2019
Discount rate	6.78%	7.65%
Future Basic salary increase	3% (with 18% increase in every 5th year)	3% (with 18% increases in every 5th year)
Withdrawal rate	Age based : Upto 50 years – 0.5% Thereafter – 2%	Age based : Upto 50 years – 0.5% Thereafter – 2%
Mortality rate	IALM (2012-14) Ultimate	IALM (2006-08) ultimate
Retirement age	Class I, II, III -58 years Class IV- 60 years	Class I, II, III -58 years Class IV- 60 years

Table 4: Sensitivity Analysis

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(Rs in Lakhs)

Description of Discount Rate	Gratuity	
	31st March 2020	31st March 2019
a. Discount rate – 100 basis points	2,46,840	2,43,900
b. Discount rate – 100 basis points impact (%)	8.43%	8.52%
c. Discount rate + 100 basis points	2,10,996	2,08,482
d. Discount rate – 100 basis points impact (%)	(7.31%)	(7.24%)
Salary increase rate		
e. Rate – 100 basis points	2,11,125	2,08,282
f. Rate – 100 basis points impact (%)	(7.26%)	(7.33%)
g. Rate + 100 basis points	2,46,983	2,43,793
h. Rate + 100 basis points impact (%)	8.50%	8.47%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumptions while holding all other assumptions constant. When calculating the sensitivity to the assumptions, the same method used to calculate the liability recognized in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

Table 5: Expected future cash flows :

(Rs in Lakhs)

Period	Gratuity	
	31st March 2020	31st March 2019
Year 1	27,009	36,789
Year 2	19,322	27,667
Year 3	15,953	20,230
Year 4	14,453	16,505
Year 5	15,884	14,753
Year 6 to 10	80,644	80,555
Average Expected Future Working life (Years)	18.18	18.12

Table 6: Investment in Planned Assets:

The Company has not made investments in planned assets. Hence, disclosure of investment of planned assets is not given.

(iii) Leave Encashment Benefit (Other Long-Term employee benefits) :

Leave encashment is payable to all employees as per the Company's Employees Service Regulations, 2005. The Earned Leave (EL) and Half Average Pay (HAP) Leave can be accumulated upto300 and 360 days respectively.

Details of Leave Encashment disclosure as required by Ind AS–19 are detailed hereunder:

Table1. Change in Defined Benefit Obligation during the period

(Rs in Lakhs)

Particulars	Leave Encashment	
	01.04.19 to 31.03.20	01.04.18 to 31.03.19
Opening Defined Benefit Obligation	2,06,246	2,13,958
Current Service Cost	15,625	16,770
Past Service Cost	-	-
Interest Cost	14,763	15,446
Actual Plan Participants' Contributions	-	-
Acquisition/Business Combination/ Divestiture	-	-
Benefits Paid	(27,632)	(33,005)
Past Service Cost	-	-
Curtailments/Settlements	-	-
Actuarial (Gains)/Losses	26,974	(6,924)
Closing Defined Benefit Obligation	2,35,976	2,06,246

Table 2. Net Defined Benefit Asset/ (Liability)

(Rs in Lakhs)

Particulars	Leave Encashment	
	01.04.19 to 31.03.20	**01.04.18 to 31.03.19**
Defined Benefit Obligation	2,35,976	2,06,246
Fair Value of plan Assets	-	-
(Surplus)/Deficit	2,35,976	2,06,246
Effect of Asset Ceiling	-	-
Net Defined Benefit Liability/(Asset)	2,35,976	2,06,246

Table 3: Major Actuarial Assumptions

(Rs. in Lakhs)

Description	31st March 2020	31st March 2019
Discount rate	6.78%	7.65%
Future Basic salary increase	3% (with 18% increase in every 5th year)	3% (with 18% increases in every 5th year)
Withdrawal rate	Upto 50 years – 0.5% Thereafter – 2%	Age based : Upto 50 years – 0.5%
Mortality rate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Retirement age	Class I, II, III -58 years Class IV- 60 years	Class I, II, III -58 years Class IV- 60 years

Table 4: Sensitivity Analysis

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(Rs in Lakhs)

Description of Discount Rate	Leave Encashment	
	31 March 2020	**31 March 2019**
a. Discount rate – 100 basis points	2,60,313	2.27,732
b. Discount rate – 100 basis points impact (%)	10.31%	10.42%
c. Discount rate + 100 basis points	2,15,171	1,88,243
d. Discount rate – 100 basis points impact (%)	(8.82%)	(8.73%)
Salary increase rate		
e. Rate – 100 basis points	2,14,905	1,88,013
f. Rate – 100 basis points impact (%)	(8.93%)	(8.84%)
g. Rate + 100 basis points	2,60,186	2,27,620
h. Rate + 100 basis points impact (%)	10.26%	10.36%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumptions while holding all other assumptions constant. When calculating the sensitivity to the assumptions, the same method used to calculate the liability recognized in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

Table 5: Expected future cash flows :

(Rs in Lakhs)

Period	Leave Encashment	
	31 March 2020	31 March 2019
Year 1	22,406	26,545
Year 2	16,329	20,346
Year 3	13,810	15,123
Year 4	12,681	12,592
Year 5	14,459	11,453
Year 6 to 10	77,977	67,590
Average Expected Future Working life (Years)	18.18	18.13

Table 6: Investment in Planned Assets:

The Company has not made investments in planned assets. Hence, disclosure of investment of planned assets is not given.

(iv) Pension to Ex-Employees:

Employees working inother State Electricity Boards were absorbed in erstwhile MSEB during 1960's. Before absorption the employees were entitled for pension and the same is continued in erstwhile MSEB and thereafter in MSEDCL as well. All the employees are retired from the services of MSEDCL. The actuarial valuation of pension to such employees is done for the first time in FY 2019-20. As on 31st March, 2020 there are 25 ex-employees whose actuarial valuation is done as under:

(Rs in Lakhs)

Particulars	01.04.2019 to 31.03.2020
Defined Benefit Cost: P&L (Income)/Loss	414
Other Comprehensive (Income)/Loss	57
Defined Benefit Obligation	414
Fair Value of Plan Assets	-
Unrecognised Actuarial (Gains)/Losses	-
Effect of Asset Ceiling	-
Net Liability (Asset) at the end of the year	414
Discount Rate at Year – end	7.50%

Current/ Non-Current Liability is as under:

(Rs in Lakhs)

Particulars	31.03.2020
Current Liability	60
Non-Current Liability	354
Non-Current Asset	-
Total	414

B) Defined Contribution Plan:

(i) Staff Welfare Fund (SWF):

This fund is setup as per the requirement of regulation 104(a) of MSEB/MSEDCL Employees Service Regulation. Hence, the Board under its Resolution No. 8575 dated 23rd April, 1973 has accorded its approval to the setting up of Staff Welfare Fund and its administration in terms of the Staff Welfare Fund Regulations and Procedure.

The income sources of this fund are as follows:

a. Rs10 per month is recovered from the salary of each employee,

b. Recovery of Notice Pay from employees,

c. Recovery of Fines from employees,

d. Amount equal to interest @ 18% p.a. on the balance in deposit amount is credited to this account as contribution from MSEDCL (charged under the head Staff Welfare)

The expenditure incurred from this SWF is as follows:

a. Scholarship to the children of employees,

b. Medical aid to the employee and their families,

c. First girl Child welfare, etc.

MSEDCL has credited to the SWF and booked as an expense the interest of Rs1,973 lakhs (PY Rs1,573 Lakhs). Unspent amount as on 31.03.2020 is Rs 12,758 lakhs (PY Rs 10,531 lakhs).

(i) Monthly Monetary Benefit Scheme (MMBS):

This scheme is set up with a view to pay Monthly Monetary Benefit in lieu of employment to the dependents of employees, i.e., employees who have died while in the service of the Board or employees who have retired prematurely on medical grounds before attaining the age of 50 years.

In pursuance of the approval of the Government of Maharashtra, The MSEB Employees' Dependents Welfare Trust Regulations has been approved w.e.f. 01st Nov, 1998.

For this purpose Rs 30 per month per employee as employee contribution and Rs 40 per month per employee as a company contribution is credited to MMBS account and paid to the MSEB Employees Dependent Welfare Trust.

MSEDCL's contribution to MMBS is booked as an expense of Rs273 lakhs (PY Rs 285 lakhs).

Note 45: Related Party Disclosures

A] In respect of MSEBHCL:

a) Subsidiary Companies

Sr No.	List of related parties over which control exists	Relationship
1	Maharashtra State Electricity Distribution Co. Ltd.	Wholly owned subsidiary
2	Maharashtra State Electricity Transmission Co. Ltd.	Wholly owned subsidiary
3	Maharashtra State Power Generation Co. Ltd.	Wholly owned subsidiary
5	Aurangabad Power Company Ltd	Subsidiary of MSEDCL
6	Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL
7	MahagujColliaries Ltd	Subsidiary of MSPGCL
8	Dhopave Coastal Power Ltd	Subsidiary of MSPGCL

The above disclosure is based on representation received from the Company. In view of the exemption given in Para 25 of the Indian Accounting Standard, the company is not required to disclose transactions with its subsidiaries since they are state-controlled enterprises.

Name of related party	Relationship
Ratnagiri Gas and Power Private Limited	Enterprise over which Key Management Personnel, Relatives of Key Management Personnel etc are able to exercise significant influence

Name of related party	Nature of Transaction	
Ratnagiri Gas and Power Private Limited	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	442,226,131 shares of Rs. 10/- each and net realisable value is Nil
Kokan LNG Limited	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	74,053,869 shares of Rs. 10/- each and net realisable value is Nil

b) Key Management Personnel:

Shri Aseem Kumar Gupta (17/01/2020)	Managing Director
Mr Sunil Pimpalkhute	Director(Finance) & CFO
Mr Anup Kumar Singh	Director (S & E)
Mr SubodhZare	Company Secretary

I. Whole time Director - Finance hasdrawn remuneration of Rs.2,388,129/- during the year.

II. Whole time Director - (S & E) has drawn remuneration of Rs.2,766,016 /- during the year.

III. Full time Company Secretary has drawn salary of Rs 1,944,036/- was paid to him during the year.

B] In respect of MSPGCL:

a. Names of and Relationship with Related Parties

1. Associate entities

i. M/s. UCM Coal Company Limited

ii. M/s. Chhattisgarh KatghoraDongargarh Railway Limited

2. Fellow subsidiaries:

i. M/s Maharashtra State Electricity Distribution Company Ltd.

ii. M/s Maharashtra State Electricity Transmission Company Ltd.

B. The Company has not included disclosure in respect of the following related parties which are Govt. related entities as per Ind AS 24.

1. Associate entities

i. M/s. UCM Coal Company Limited

ii. M/s. Chhattisgarh KatghoraDongargarh Railway Limited

2. Fellow subsidiaries:

i. M/s Maharashtra State Electricity Distribution Company Ltd.

ii. M/s Maharashtra State Electricity Transmission Company Ltd

3. Key Management Personnel

Sr No.	Designation	Key Management Personnel Name	With effect from
1	Chairman & Managing Director	Shri Arvind Singh	24.12.2018 to 5.11.2019
2	Chairman & Managing Director	Shri Sanjeev Kumar	5.11.2019 to 16.01.2020
3	Chairman & Managing Director	Ms. Shaila A.	16.01.2020
4	Director (Mining)	Shri. P.V. Jadhav	01.06.2019
5	Director (O)	Shri. Chandrakant Thotwe	19.09.2016
6	Director (F)	Shri. S. J. Amberkar	11.08.2017
7	Director (P)	Shri. V. Thangapandian	10.04.2019
8	Company Secretary	Shri Rahul Dubey	17-01-2006

4. Non Executive Directors in Mahagenco

Sr No.	Designation	Key Management Personnel Name	With effect from
1	Director	Shri. Vishwas Pathak	21.07.2015 to 08.01.2020
2	Director	Smt.JueleeWagh	15.06.2018 to 31.03.2020

C. Remuneration paid to Key Management Personnel*

(Rs.in Cores)

Sr No.	Name of Related Party	Nature of Relationship	2019-20	2018-19
1	Shri. Bipin Shrimali	Chairman & Managing Director	0.16	0.29
2	Ms. Shaila A	Chairman & Managing Director	0.07	--
3	Shri. ChandrakantThotwe	Director (Operation)	0.51	0.35
4	Shri. Vaithilinganadar Thangapandian	Director (Projects)	0.34	--
5	Shri. Vikas Jaideo	Director (Projects)	0.19	0.34
6	Shri. ShyamWardhane	Director (Mining)		0.11
7	Shri.P.V.Jadhav	Director (Mining)	0.20	--
8	Shri. Santosh Amberkar	Director (Finance)	0.50	0.31

*Re**muneration to KMP has been considered from/to the date from which they became KMP.**

(Rs.in Cores)

Sr No.	Name of Related Party	Nature of Relationship	2019-20	2018-19
1	Shri. A.R. Nandanwar	Executive Director	--	0.01
2	Shri. Vinod Bondre	Executive Director(HR)	0.12	0.18
3	Shri. B.Y Manta	Executive Director(HR)	0.18	--
4	Shri. Raju Burde	Executive Director	0.16	0.28
5	Shri. Kailash Chirutkar	Executive Director	0.33	0.28
6	Shri. Satish Chaware	Executive Director	--	0.27
7	Shri. Nitin Chandurkar	Executive Director	0.32	0.26
8	Shri. Sanjay Marudkar	Executive Director	0.25	--
9	Shri. Rahul Dubey	Company Secretary	0.29	0.25

d. Sitting Fee paid to Non-Executive Directors:

(Rs.in Cores)

Details of Meeting	Smt. JueleeWagh	Shri. Vishwas Pathak
Board	0.0047	0.0035
Audit Committee	--	0.0024
Total Sitting Fees Paid	**0.0047**	**0.0059**

C] In respect of MSETCL:

1. Names of related parties

a) Subsidiary

KhargharVikhroli Transmission Private Limited

Associates

Jaigad Power Transco Limited

Maharashtra Transmission Communication Infrastructure Limited

b) Key Managerial Personnel

Key Management Personnel Name	Designation	With effect from
Shri Dinesh T. Waghmare	Chairman & Managing Director	23.01.2020 onwards
Shri Parrag Jaiin Nainutia	Chairman & Managing Director	03.05.2018 to 22.01.2020
Shri. Ravindra Dinkarrao Chavan	Director (Projects)	05.05.2015 to 04.05.2018 18.05.2018 onwards
Shri Sanjay Taksande	Director (Operations)	01.04.2019 onwards
Shri. Vinayak Sathe	Director Finance	02.04.2016 to 31.01.2020
Smt. Pushpa Ramcharan Chavan	Independent Director	26.06.2014 to 25.06.2019
Shri. Vishwas Pathak	Independent Director	24.08.2015 to 05.09.2019
Ms. Vineeta Shriwani	Company Secretary	22.06.2015 onwards

c) Remuneration paid to Key Managerial Personnel

(Rs. in lakhs)

Key Managerial Personnel Name	2019-20	2018-19
Shri Rajeevkumar Prembhushan Mital	--	4.69
Shri Dinesh T. Waghmare	3.11	--
Shri Parrag Jaiin Nainutia	31.76	21.90
Shri. Ravindra Dinkarrao Chavan	51.61	36.55
Shri Sanjay Taksande	30.07	--
Shri. Vinayak Sathe	31.95	21.90
Shri. Ganpat T Munde	--	31.18
Ms. Vineeta Shriwani	26.74	18.91

d) Sitting Fees paid to Independent Directors

(Rs. in lakhs)

Name of Independent Directors	2019-20	2018-19
Smt. Pushpa Ramcharan Chavan	0.35	0.55
Shri. Vishwas Pathak	0.75	0.85

e) Transactions during the year with Subsidiaries/Associates:

(Rs. in lakhs)

Name of Independent Directors	2019-20	2018-19
Subsidiary		
KhargharVikhroli Transmission Pvt Limited		
Investment in Equity Shares	5.00	
A.	5.00	
Associates		
Jaigad Power Transco Limited		
Dividend income	--	357.50
Bay Maintenance income	40.59	36.80
B.	**40.59**	**394.30**
Maharashtra Transmission Communication Infrastructure Limited		
Investment in Equity Shares	265.64	--
Investment in Preference Shares	358.09	--
C.	623.73	--
Total (A. + B.+ C.)	**669.32**	**394.30**

f) Outstanding balances with Subsidiaries/Associates:

(Rs. in lakhs)

Name of Associates	As at 31.03.2020	As at 31.03.2019
Investments in Equity Shares		
Jaigad Power Transco Limited	3575.00	3575.00
Maharashtra Transmission Communication Infrastructure Limited #	880.46	614.82
KhargharVikhroli Transmission Pvt Limited	5.00	--
Investments in Preference Shares		
Maharashtra Transmission Communication Infrastructure Limited	880.46	522.37

This includes Pending Allotment of Equity shares Rs.15.63 Lakhs and Preference shares Rs.108.08 Lakhs.

1. Key Managerial Personnel are not entitled for post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements.

2. The Company has not included disclosure in respect of following related parties which are Government related entities as per Ind AS 24:

   Maharashtra State Power Generation Company Limited (MahaGenco)Maharashtra State Electricity Distribution Company Limited (MahaVitaran)

   MSEB Holding Company Limited (MSEB Holding Company Limtied)

D] In respect of MSEDCL:

As per the definition of 'Related Party' under Ind AS 24, following are the list of related parties:

a) Ultimate Controller :

Government of Maharashtra

b) **Holding Company:**

MSEB Holding Company Ltd (MSEBHCL)

c) Fellow Subsidiaries:

- Maharashtra State Power Generation Company Limited (MSPGCL)
- Maharashtra State Electricity Transmission Company Limited (MSETCL)
- Maharashtra Power Development Corporation Limited (MPDCL)

MSEDCL, MSPGCL, MSETCL and MPDCL are State Govt Companies and are subsidiaries of MSEB Holding Company Limited and thus fellow subsidiaries of MSEDCL.

d) Subsidiaries

- Aurangabad Power Company Limited (APCL)

e) Subsidiary of Fellow Subsidiaries

- Dhopave Coastal Power Limited (DCPL)

f) Key Management Persons (KMP):

- Shri. Sanjeev Kumar, Chairman and Managing Director, MSEDCL (w.e.f. 21.12.2015 to 17.01.2020)
- Shri. Aseemkumar Gupta, Chairman and Managing Director, MSEDCL (w.e.f. 18.01.2020)
- Shri. Jaikumar Srinivasan, Director (Finance), MSEDCL (w.e.f. 02.02.2018 to 03.02.2020)
- Shri. Abhijeet Deshpande, Director (Operations) (w.e.f. 15.06.2017 to 31.07.2018)
- Shri Dinesh R. Saboo, Director (Project) (w.e.f 20.09.2016 to 31.10.2018)
- Shri Dinesh R. Saboo, Director (Operation) (w.e.f 01.11.2018 till 06.10.2020)
- Shri Bhalchandra Khandait, Director (Project) (w.e.f 15.01.2019)
- Shri. Satish Chavan, Director (Commercial) (w.e.f. 22.01.2018)
- Shri. Pavan Kumar Ganjoo, Director (HR) (w.e.f. 10.04.2019)
- Shri. Arvind Haribhau Salve, Director (Vigilance & Security) (w.e.f. 01.04.2018 to 26.02.2019)
- Mrs Anjali Gudekar Company Secretary, MSEDCL.
- Smt. Pushpa Chavan, Director of APCL.

g) Independent Directors :

- Shri. Vishwas Pathak, Independent Director(from 14.08.2015 to 08.01.2020)
- Shri. Ashok Harane, Independent Director (from 02.01.2009 to 03.06.2019)
- Mrs. JueleeWagh, Independent Director (from 04.06.2014)
- Shri. Anil Palamwar, Independent Director (from 03.08.2019 to 25.06.2020)

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19- 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

h) Summary of significant transactions along with outstanding balances with related parties:

(Rs.in lakhs)

Sr. No.	Particulars	Transactions during the year		Closing Balance	
		FY 2019-20	FY 2018-19	Outstanding as on 31.03.20	Outstanding as on 31.03.19
1	**Transactions with key Management Personnel of MSEDCL**				
	Remuneration	202	225	--	--
	Transactions with Independent directors				
	Sittting Fees	2	3		
2	**Transactions with Holding Company**				
	MSEBHCL - Inter Co. Adj. for Other Expenses	1,847	2,365	4,09,811	4,07,965
3	**Transactions with Fellow Subsidiaries:**				
	MSPGCL - Purchase of Power	2,50,256	(3,68,300)	13,34,594	10,84,338
	MSETCL - Transmission Charges	13,740	(11,528)	2,76,560	2,62,820
	MSPGCL -Loans - Non current	--	--	485	485
	MSPGCL - Inter Co. Adj. for Other Expenses	7	158	47,016	47,008
	MSETCL - Inter Co. Adj. for Other Expenses	(1,565)	(7)	7	1,572
	MPDCL	--	--	247	247

4	**Transactions with Subsidiaries of Fellow Subsidiaries:**				
	DCPL - Loans & Advances	--	--	207	207
5	**Amount recognise in P & L as allowance for Expected Credit Loss**				
	MSPGCL	1157	2547	13,366	12,209
	MSETCL	(1,572)	1,244	--	1572

MSEB Holding Company Ltd. has provided corporate guarantee of Rs 9,60,000 lakhs (P.Y. Rs 9,60,000 lakhs) at no fee against loan of Rs 8,50,000 lakhs (P.Y. Rs 8,50,000 lakhs) availed by MSEDCL from REC during FY 2017-18 & FY 2018-19.

Summary of significant transactions along with outstanding balances with related parties:

(Rs.in lakhs)

Sr No.	Name of Party	Nature of Transaction	Transactions during the year	
			FY 2019-20	**FY 2018-19**
1	**Transactions with key Management Personnel of MSEDCL**			
	Shri Sanjeev Kumar	Remuneration	25.00	28.60
	Shri JaikumarShrinivasan	Remuneration	37.00	33.64
	Shri Abhijit Jayant Deshpande	Remuneration	--	9.75
	Shri DineshchandraRambilasSaboo	Remuneration	47.00	32.13
	Shri DineshchandraRambilasSaboo	Retirement benefits	--	79.19
	Shri. Satish VithalraoChavan	Remuneration	31.00	18.08
	Shri BhalchandraKhandait	Remuneration	35.00	4.41
	Mrs.AnjaliGudekar	Remuneration	27.00	19.43
	Total		**202.00**	**225.23**
	Shri Vishwas Pathak	Sittting Fees	0.85	0.95
	Shri Ashok Harane	Sittting Fees	0.10	0.85
	Mrs.JueleeWagh	Sittting Fees	0.50	0.50
	Shri Anil Palamwar	Sittting Fees	0.50	--
	Total		**1.95**	**3.30**
2	**Transactions with Holding Company**			
	MSEBHCL	Other Financial Liabilities - Current	1,847	2,365

3	**Transactions with Fellow Subsidiaries:**			
	MSPGCL	Purchase of Power	2,50,256	-3,68,300
	MSETCL	Transmission Charges	13,740	-11,258
	MSPGCL	Loans - Non current	--	--
	MSPGCL	Loans-Current	7	158
	MSPGCL	Loans-Current (Unsecured, Considered good)	-1,565	-7
4	**Transactions with Subsidiaries of Fellow Subsidiaries:**			
	MSPGCL	Amount recognized in P & L as allowance for Expected Credit Loss	1157	2547
	MSETCL	Amount recognized in P & L as allowance for Expected Credit Loss	-1572	1244

Note: Remuneration disclosed above excludes the impact of pay revision, which has been decided subsequent to the balance sheet date w.e.f. 01.04.2018.

(Rs.in lakhs)

Sr No.	Name of Party	Receivable / Payable	Closing Balance	
			Outstanding as on 31.03.2020	**Outstanding as on 31.03.2019**
1	**Balances with Holding Company**			
	MSEBHCL	Other Financial Liabilities – Current	4,09,811	4,07,965
2	**Balances with Fellow Subsidiaries:**			
	MSPGCL	Trade Payable - Purchase of Power	13,34,594	10,84,338
	MSETCL	TradePayable - Transmission Charges	2,76,560	2,62,820
	MSPGCL	Loans - Non current	4,85	485
	MSPGCL	Loans-Current	47,016	47,008
	MSETCL	Loans-Current	7	1572
	MSPGCL	Allowance for Expected Credit Loss	13,366	12,209
	MSETCL	Provision for bad and doubtful Other Receivable	--	1572

	Balances with Subsidiaries of Fellow Subsidiaries:			
	DCPL	Loans-Non Current (Unsecured, Considered doubtful)	207	207
3	MPDCL	Loans-Non Current (Unsecured, Considered doubtful)	247	247
	DCPL	Provision for bad and doubtful Other Receivable	207	207
	MPDCL	Provision for bad and doubtful Other Receivable	247	247

b) Difference between balances of the MSEDCL and Related Parties:

There is a difference in outstanding balances as on 31.03.2020, as appearing in the books of accounts of the Company and the related parties details of which are as under.

(Rs. in lakhs)

Name of Company	**Maharashtra State Power Generation Co Ltd. (MSPGCL)**		**Maharashtra State Electricity Transmission Co Ltd. (MSETCL)**		**Maharashtra State Electricity Board Holding Co Ltd. (MSEBHCL)**	
Nature Of transaction	**Loans and advances**		**Loans and advances**		**Other Current Liabilities**	
	2019-20	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Balance as per MSEDCL	47,016	47,008	7	1572	4,09,811	4,07,965
Balance as per other Group Company	54,422	47,008	--	--	3,89,106	3,87,264
Difference	(7,406)	--	7	1572	20,705	20,701

(Rs in Lakhs)

Name of Company	**Maharashtra State Power Generation Co Ltd. (MSPGCL)**		**Maharashtra State Electricity Transmission Co Ltd. (MSETCL)**	
Nature Of transaction	**Trade Payables**		**Trade Payables**	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Balance as per MSEDCL	13,34,586	10,81,758	2,76,560	NA
Balance as per other Group Company	17,60,801	13,29,535	2,91,267	NA
Difference	(4,26,215)	(2,47,777)	14,707	NA

j) Amount Payable to/Receivable from Government of Maharashtra :

Sr No.	Particulars	As at 31.03.2020	As at 31.03.2019
1	Inspection Fees Payable	498	498
2	Electricity Duty Payable	5,90,053	93,795
3	Tax on Sale – Payable	16,199	18,886
4	Subsidy Receivable	3,09,423	78,604
5	Grant Receivable	9,585	92,703
6	Equity Share Capital	47,72,398	47,61,432
7	RGGVY Loan	6,686	6,407

All transactions with the related parties have been done at arm's length.

Note 46: Earnings per share

(Rs in Cores)

Particulars	As at 31.03.2020	As at 31.03.2019
Profit/(Loss) after taxes Rs	(1189.31)	(4754.43)
Weighted Average Number of equity shares outstanding	8,907	8,873
Face Value of Equity Shares Rs/share	10	10
Earnings per share (basic)	(0.13)	(0.54)
Earnings per share (diluted)	(0.15)	(0.54)

Note 47 :

Elimination of Related Party Transactions

a) The Elimination of Related party transactions of profit and Loss items is done to the extent possible by using the data available from other internal sources viz. 'Form 3CEB' (Report from an accountant to be furnished under section 92E relating to international transaction(s) and specified domestic transaction(s)under The Income Tax Act, 1961) and 'Form 3CD' (Statement of particulars required to be furnished under section 44AB of the Income tax Act, 1961) of the company's, to the extent data was made available to us by the Management. Since 'Ind-AS 24, para 25' gives exemption to Government Company/State controlled enterprise to disclose transactions with its related party in their Standalone Financial Statements. Therefore, the related party transactions for F.Y. 2019-2020 could not be obtained from the Standalone Audited Financial Statements for the respective companies.

b) On account of the above limitation on elimination of the Intra Group Transactions, The balances of Trade Receivables, Trade Payables, Loans, Borrowings etc. after elimination of Intra-group balancesw.r.t to transactions between the subsidiaries, are Overstated/Understated in Consolidated financial statements, since intra group balance elimination is done by the management for the amount of Income/ Expenses recorded by the Subsidiary Company's, irrespective of the closing balance to Trade receivables/Trade payablesas at 31.03.2020among the Intra Group Companies.

c.) The Related Party Transactions with respect to Income and Expenses and Assets and Liabilities have been eliminated in the Consolidated Financial Statements to the extent of lower of the two balances as under:

Part I - Elimination of Related Party Transactions for the year 2019-20 with respect to Income and Expenditure

Part II - Elimination of Related Party Transactions for the year 2018-19 with respect to Income and Expenditure

Part III - Elimination of Related Party Transactions for the year 2019-20 with respect to Assets and Liabilities

Part IV - Elimination of Related Party Transactions for the year 2018-19 with respect to Assets and Liabilities

As a result of above, no elimination has been done for the items which are under reconciliation / dispute among the group companies.

Note 47

Part I

Related Party Transactions with respect to Income & Expenses and Assets and Liabilities have been eliminated in the consolidated accounts to the extent of lower of the two balances as under:

Elimination of Related Party Transactions for the year 2019-20 with respect to Income & Expenditure

Name of the Co.	Head	Particulars	Nature of Transaction	Amount	Note No	Name of the co	Head	Particulars	Nature of Transaction	Amount	Note No	Eliminaion lower of the two
MSPGCL	Revenue from Operations	Sale of Power	Income	21,963.98	31	MSEDCL	Purchase of Power	Purchase of Power	Expenses	21,871.72	34	21,871.72
MSEDCL	Revenue from Operations	Sale of Power (MSETCL)	Income	59.54	31	MSETCL	Purchase of Power	Electricity Charges	Expenses	57.69	40	57.69
MSEDCL	Revenue from Operations	Sale of Power (MSPGCL)	Income	11.28	31	MSPGCL	Administrative Expenses	Electricity Charges	Expenses	11.28	40	11.28
MSETCL	Revenue from Operations	Transmission charges	Income	2,997.10	31	MSEDCL	Purchase of Power	Transmission Charges	Expenses	4,839.48	34	2,997.10
MSETCL	Revenue from Operations	SLDC Charges	Income	24.32	31	MSEDCL	Purchase of Power	SLDC	Expenses	24.32	34	24.32
MSETCL	Revenue from Operations	Sale of Transformer Oil	Income	1.34	31	MSEDCL	Purchase of Power	Oil Purchase	Expenses	1.34	34	1.34
MSETCL	Revenue from Operations	Re-scheduling Charges	Income	2.87	31	MSPGCL	Purchase of Power	Purchase of Power	Expenses	3.51	34	2.87
MSEBHCL	Other income	Other Income (Lease Rent MSPGCL)	Income	22.95	32	MSPGCL	Other Expenses	Administration & General Expenses Lease Rent	Expenses	24.19	37	22.95
MSEBHCL	Other income	Other Income (Lease Rent MSETCL)	Income	17.39	32	MSETCL	Other Expenses	Administration & General Expenses Rent	Expenses	20	37	17.39
MSEBHCL	Other income	Other Income (Lease Rent MSEDCL)	Income	41.21	32	MSEDCL	Administrative Expenses	Administration & General Expenses Rent	Expenses	47.20	37	41.21

MSPGCL	Revenue from Operations	Reactive Charges	Income	16.54	31	MSTECL	Other Equity		Expenses			16.54
MSETCL	Revenue from Operations	Open Access Charges	Income	0.08	31	MSEDCL	Purchase of Power	Frequency Linked Charges	Expenses	0.08	34	0.08
MSPGCL	Other Equity					MSETCL	Other Expenses	Drawing charges	Expenses	0.01	34	0.01
MSPGCL	Other Equity					MSETCL	Other Expenses	Electricity Charges	Expenses	0.05	37	0.05
						MSPGCL	Other Expenses	Provision for Doubtful Advance			40	126.98
MSEBHCL	Other Equity					MSEBHCL		Provision for Expected Credit Losses	Expenses	3.91	40	3.91
MSPGCL	Other Equity					MSPGCL	Other Expenses	Provision for Doubtful Advance	Expenses	133.66	40	133.66
MSPGCL	Other Equity					MSETCL	Other Expenses	Water Charges	Expenses	0.01	40	0.01
MSEDCL	Other Equity					MSETCL	Other Expenses	Service Charges	Expenses	0.00	40	0.00
MSPGCL	Other Equity					MSETCL	Other Expenses	Staff Quarter rent	Expenses	0.00	40	0.00
MSPGCL	Other Equity	Surcharge Income from consumers	Income	2,545.45	31	MSEDCL						2,545.45
MSPGCL						MSEDCL		Provision for Expected Credit Losses	Expenses		40	-
MSEDCL	Other Equity					MSETCL	Repairs & Maintenance	Repairs & Maint	Expenses	17.16	36	17
MSETCL	Other Equity	Training Charges	Income	0.19	32	MSEDCL	Revenue from operations					0.19
MSETCL	Other Equity	Staff Quarters Rent received	Income	0.00	32	MSEDCL	Revenue from operations		Expenses			0.00

MSETCL	Other Equity	Transformer testing charges	Income	0.00	31	MSPGCL	Revenue from operations		Expenses			0.00
MSPGCL	Others	Sale of Power - unbilled Revenue	Income	92.26	31	MSEDCL						92.26
MSPGCL	Other Equity					MSEDCL	Finance cost	Finance Costs	Expenses	581.37	38	581.37
MSETCL	Other Equity					MSEDCL	Finance cost	Finance Costs	Expenses	122.95	38	122.95
MSEBHCL	Other Equity					MSEDCL	Finance cost	Interest on Lease Liability	Expenses	14.34	38	14.34
MSEBHCL	Other Equity					MSETCL	Finance cost	Interest on Lease Liability	Expenses	6.05	38	6.05
MSPGCL	Other Equity					MSEDCL	Other Expenses	Provision for Expected Credit Losses	Expenses	11.57	40	11.57
MSEBHCL	Other Equity					MSPGCL	Finance cost	Interest on Lease Liability	Expenses	8.56	38	8.56
MSEBHCL	Other Equity					MSPGCL	Depreciation	Dep on Right to Use of Asset	Expenses	20.88	2A	20.88

Part II

Elimination of Related Party Transactions for the year 2018-2019 with respect to Income & Expenditure.

Name of the Co.	Head	Particulars	Nature of Transaction	Amount	Note No	Name of the co	Head	Particulars	Nature of Transaction	Amount	Note No	Eliminaion lower of the two
MSPGCL	Revenue From Operations	Sale of Power (MSPGCL)	Income	18,985.11	31	MSEDCL	Purchase of Power	Purchase of Power	Expenses	19,648.52	34	18,985.11
MSEDCL	Revenue From Operations	Sale of Power (MSETCL)	Income	48.07	31	MSETCL	Purchase of Power	Electricity Charges	Expenses	48.07	40	48.07
MSEDCL	Revenue From Operations	Sale of Power (MSPGCL)	Income	19.35	31	MSPGCL	Purchase of Power	Electricity Charges	Expenses	19.35	40	19.35
MSETCL	Revenue From Operations	Transmission charges	Income	2,844.19	31	MSEDCL	Purchase of Power	Transmission Charges	Expenses	4,752.29	34	2,844.19
MSETCL	Revenue From Operations	SLDC Charges	Income	15.00	31	MSEDCL	Purchase of Power	SLDC	Expenses	15.00	34	15.00
MSETCL	Revenue From Operations	Sale of Transformer Oil	Income	0.58	31	MSEDCL	Purchase of Power	Oil Purchase	Expenses	0.58	34	0.58
MSETCL	Revenue From Operations	Rescheduling Charges	Income	0.66	31	MSPGCL	Purchase of Power	Purchase of Power	Expenses	1.29	34	0.66
MSEBHCL	Other Income	Other Income (Lease Rent MSPGCL)	Income	22.95	32	MSPGCL	Purchase of Power	Administration & General Expenses Lease Rent	Expenses	24.19	37	22.95
MSEBHCL	Other Income	Other Income (Lease Rent MSETCL)	Income	17.39	32	MSETCL	Purchase of Power	Administration & General Expenses Rent	Expenses	20.16	37	17.39
MSEBHCL	Other Income	Other Income (Lease Rent MSEDCL)	Income	41.21	32	MSEDCL	Purchase of Power	Administration & General Expenses Lease Rent	Expenses	42.90	37	41.21
MSETCL	Revenue From Operations	Frequency Linked Charges	Income	0.02	32	MSEDCL	Purchase of Power	Frequency Linked Charges	Expenses	0.02	34	0.02
MSPGCL		Surcharge Income from consumers	Income	2,320.69	31	MSEDCL	Revenue From operations	Finance Costs	Expenses	-		-
MSEDCL				-		MSETCL		Shifting of Under ground Cable	Expenses	3.69	40	3.69

MSPGCL				-		MSETCL	Other expenses	Electricity Charges	Expenses	0.04	40	0.04
MSEBHCL				-		MSEBHCL	Other expenses	Provision for Expected Credit Losses	Expenses	0.09	40	0.09
MSPGCL				-		MSPGCL		Provision for Doubtful Advance	Expenses	84.55	40	84.55
MSEDCL				-		MSETCL	Other expenses	Water Charges	Expenses	0.02	40	0.02
MSEDCL				-		MSETCL		ORC related work Charges	Expenses	0.03	40	0.03
MSPGCL				0.00		MSPGCL	Other expenses	Provision for Expected Credit Losses	Expenses	37.12	40	37.12
MSEDCL				-		MSETCL		New Connection Charges	Expenses	0.00	40	0.00
MSEDCL				0.00		MSEDCL	Other expenses	Provision for Expected Credit Losses	Expenses	137.81	40	137.81
MSETCL	Revenue From Operations	Lease	Income	0.04	32	MSPGCL				-		
MSETCL	Revenue From Operations	Sale of Empty Oil Barrel	Income	0.01	32	MSEDCL				-		
MSPGCL	Revenue From Operations	Reactive Charges	Income	18.13	32	MSTECL				-		
MSETCL	Revenue From Operations	Supervision Charges for ORC work	Income	0.11	32	MSEDCL				-		
MSPGCL						MSEDCL		Delay Payment Charges	Expenses	718.85	38	718.85
MSETCL						MSEDCL		Delay Payment Charges	Expenses	107.25	38	107.25
MSPGCL						MSEDCL		Delay Payment Charges	Expenses	0.25	38	0.25
MSEDCL	Revenue From Operations	Sundry credit balance write back	Expenses	3,776.31	32	MSPGCL			Expenses		32	
MSPGCL	Revenue From Operations	Sundry credit balance write back	Expenses	982.28	32	MSPGCL			Expenses		32	

Part III

Elimination of Inter Company Balances for the Financial year 2019-20

Name of the Co.	Particulars	Nature of Transaction	Amount	Note No	Name of the co	Particulars	Nature of Transaction	Amount	Note No
MSEDCL	Trade Receivables	Receivable	57.69	9	MSETCL	Trade Payable	Payable	57.69	24
MSETCL	Trade Receivables	Receivable	2.87	9	MSPGCL	Trade Payable	Payable	2.87	24
MSPGCL	Trade Receivables	Receivable	16.54	9	MSETCL				
MSEDCL					MSETCL	Other Financial Liabilities	Payable	0.01	25
MSETCL	Trade Receivables	Receivable	0.19	9	MSEDCL				
MSETCL	Trade Receivables	Receivable	0.00	9	MSEDCL				
MSETCL	Trade Receivables	Receivable	0.00	9	MSPGCL				
MSETCL					MSPGCL	Other Financial Liabilities	Payable	0.05	25
MSEBHCL	Trade Receivables	Receivable	3.91	9					
MSPGCL	Trade Receivables	Receivable	133.66	9					
MSPGCL					MSETCL	Other Financial Liabilities	Payable	0.01	25
MSEDCL					MSETCL	Other Financial Liabilities	Payable	0.00	25
MSPGCL					MSETCL	Trade Payable	Payable	0.00	24
MSPGCL	Trade Receivables	Receivable	2,545.45	9	MSEDCL				
MSEDCL					MSETCL	Trade Payable	Payable	17.16	24
MSPGCL	Trade Receivables	Receivable	92.26	9	MSEDCL				
MSEBHCL	Other Non current Assets	Receivable	3,483.42	6	MSEDCL	Other Financial Liabilities	Payable	3,483.42	25
MSETCL	Trade Receivables	Receivable	0.01	9	MSEDCL				
MSETCL	Trade Receivables	Receivable	0.11	9	MSEDCL				
MSPGCL	Trade Receivables	Receivable	18.13	9	MSETCL				
MSEBHCL	Trade Receivables	Receivable	177.42	9	MSEDCL	Other Financial Liabilities	Payable	177.42	25
MSEBHCL	Trade Receivables	Receivable	119.51	9	MSPGCL	Other Financial Liabilities	Payable	212.77	25
MSEBHCL	Trade Receivables	Receivable	31.91	9	MSETCL	Trade Payable	Payable	31.91	24
MSPGCL	Trade Receivables	Receivable	2,320.69	9	MSEDCL				
MSEBHCL	Trade Receivables	Receivable	0.09	9					
MSEBHCL	Trade Receivables	Receivable	17.80	9					
MSPGCL	Trade Receivables	Receivable	126.98						
MSPGCL	Trade Receivables	Receivable	(84.55)	9					

MSPGCL	Trade Receivables	Receivable	(37.12)	9					
MSPGCL	Trade Receivables	Receivable	137.81	9					
MSETCL	Others	Receivable	22.61	12	MSEHCL	Other Financial Liabilities	Payable	22.61	25
MSETCL	Trade Receivables	Receivable	0.04	9	MSPGCL		Payable		
MSEDCL	Trade Receivables	Receivable	21.54	9	MSEBHCL	Other Financial Liabilities	Payable	21.54	25
MSPGCL	Trade Receivables	Receivable	12.10	9	MSEBHCL	Other Financial Liabilities	Payable	12.10	25
MSETCL	Trade Receivables	Receivable	9.21	9	MSEBHCL	Other Financial Liabilities	Payable	9.21	25
MSEDCL					MSETCL	Other Financial Liabilities	Payable	3.69	25
MSPGCL					MSETCL	Other Financial Liabilities	Payable	0.04	25
MSEDCL					MSETCL	Other Financial Liabilities	Payable	0.02	25
MSEDCL					MSETCL	Other Financial Liabilities	Payable	0.03	25
					MSETCL	Other Financial Liabilities	Payable	0.00	25
					MSPGCL	Other Financial Liabilities	Payable	93.25	25
MSPGCL					MSEDCL	Other Financial Liabilities	Payable	581.37	25
MSETCL					MSEDCL	Other Financial Liabilities	Payable	122.95	25
					MSEDCL	Trade Payable (Interest on lease Liability)	Payable	14.34	24
MSEDCL	Trade Receivable	Receivable	11.57	9	MSEDCL				
MSEBHCL					MSPGCL	Trade Payable ((Interest on lease Liability)	Payable	8.56	24
					MSEDCL	Trade Payable		718.85	24
					MSEDCL	Trade Payable		107.25	24
MSEDCL	Trade Receivable	Receivable	3,776.31	9	MSEDCL	Trade Payable		0.25	24
MSPGCL	Trade Receivable	Receivable	982.28	9	MSEDCL				
MSEBHCL					MSETCL	Other Financial Liabilities	Payable	6.05	25
MSEBHCL	Investments	Receivable	64.00		MSEDCL	Equity	Payable	-	17
MSEBHCL	Investments	Receivable	25,343.90		MSPGCL	Equity	Payable	-	16
MSEBHCL	Investments	Receivable	0.05		MSPGCL	Equity	Payable	-	16
MSEBHCL	Investments	Receivable	0.05		MSETCL	Equity	Payable	-	16
MSEBHCL	Investments	Receivable	0.05		MSEDCL	Equity	Payable	-	16
MSEBHCL	Investments	Receivable	8,984.92		MSETCL	Equity	Payable	-	16
MSEBHCL	Investments	Receivable	47,723.93		MSEDCL	Equity	Payable	-	16
MSPGCL					MSPGCL	Dep on Right to Use of Asset		20.88	2A

Part IV

Elimination of Inter Company Balances for the Financial year 2018-19

Name of the Co.	Particulars	Nature of Transaction	Amount	Note No	Name of the co	Particulars	Nature of Transaction	Amount	Note No
MSEDCL	Trade Receivable	Receivable	48.07	9	MSETCL	Trade Payable	Payable	48.07	24
MSETCL	Trade Receivable	Receivable	2,844.19	9	MSEDCL	Trade Payable	Payable	2,844.19	24
MSETCL	Trade Receivable	Receivable	15.00	9	MSEDCL	Trade Payable	Payable	15.00	24
MSETCL	Trade Receivable	Receivable	0.58	9	MSEDCL	Trade Payable	Payable	0.58	24
MSETCL	Trade Receivable	Receivable	0.66	9	MSPGCL	Trade Payable	Payable	0.66	24
MSEBHCL	Trade Receivable	Receivable	13.36	9	MSETCL	Trade Payable	Payable	13.36	24
MSEBHCL	Trade Receivable	Receivable	21.26	9	MSETCL	Trade Payable	Payable	21.26	24
MSETCL	Trade Receivable	Receivable	0.02	9	MSEDCL	Trade Payable	Payable	0.02	24
MSPGCL	Trade Receivable	Receivable	2,320.69	9	MSEDCL				
					MSETCL	Trade Payable	Payable	3.69	24
MSPGCL					MSETCL	Trade Payable	Payable	0.04	24
MSEDCL					MSETCL	Trade Payable	Payable	0.02	24
MSEDCL					MSETCL	Trade Payable	Payable	0.03	24
MSETCL	Debtors	Receivable	0.04	9	MSPGCL				
MSETCL	Debtors	Receivable	0.01	9	MSEDCL				
MSPGCL	Debtors	Receivable	(37.12)	9	MSPGCL				
MSPGCL	Debtors	Receivable	18.13	9	MSETCL				
MSETCL	Debtors	Receivable	0.11	9	MSEDCL				
MSEBHCL	Debtors	Receivable	0.09	9					
MSPGCL	Debtors	Receivable	(84.55)	9					
MSEDCL	Debtors	Receivable	137.81	9					
MSEBHCL	Other Non current Assets	Receivable	3489.72	6	MSEDCL	Other Financial Liabilities	Payable	3,489.72	25
MSEBHCL	Other Non current Assets	Receivable	93.38		MSPGCL	Other Current Liabilites	Payable	93.38	
MSETCL			22.76		MSEBHCL	Other Current Liabilites	Payable	22.76	
MSEBHCL	Trade Receivable		145.01	9	MSEDCL	Other Financial Liabilities		145.01	25
MSEBHCL	Trade Receivable		99.04	9	MSTECL	Other Financial Liabilities		99.04	25

MSEBHCL	Trade Receivable	Receivable	17.80	9				-	
MSEBHCL	Trade Receivable		32.57	9	MSPGCL	Other Financial Liabilities		32.57	25
MSEBHCL	Trade Receivable		18.53	9	MSETCL	Other Financial Liabilities		18.53	25
MSPGCL					MSEDCL	Trade Payable		718.85	24
MSETCL					MSEDCL	Trade Payable		107.25	24
MSPGCL					MSEDCL	Trade Payable		0.25	24
MSEBHCL	Investments	Receivable	25,284.08		MSPGCL	Equity		-	16
MSEBHCL	Investments	Receivable	0.05		MSPGCL	Equity		-	16
MSEBHCL	Investments	Receivable	0.05		MSETCL	Equity		-	16
MSEBHCL	Investments	Receivable	0.05		MSEDCL	Equity		-	16
MSEBHCL	Investments	Receivable	8,984.92		MSETCL	Equity		-	16
MSEBHCL	Investments	Receivable	47,614.27			Equity			16
MSEDCL	Trade Receivable	Receivable	3,776.31	9	MSEDCL	Trade Payable		0.25	24
MSPGCL	Trade Receivable	Receivable	982.28	9	MSEDCL				

PART - V

MSEB Holding Company Limited

Reconcilation of Retained Earnings for the F.Y 2019-20

Particulars	MSPGCL	MSTECL	MSEDCL	MSEBHCL	Total
Retained Earnings	-127.87	217.48	307.23	19.88	416.71
Adjustment of Related Party Transactions					
For F.Y 2019-20					
Reactive Charges charged by MSPGCL to MSTECL					16.54
Water Charges charged by MSETCL to MSPGCL					-0.01
Electricity Charges charged by MSETCL to MSPGCL					-0.05
Water Charges charged by MSETCL to MSEDCL					-0.01
Service Charges charged by MSETCL to MSEDCL					-0.00
Repairs and Maintence charged by MSETCL to MSEDCL					-17.16
Traing Charges charges by MSETCL to MSEDCL					0.19
Staff Quarters Rent by MSETCL to MSEDCL					0.00
Transformer testing charges by MSETCL to MSPGCL					0.00
Provision for Expected Credit Losses of MSBBHCL					-3.91
Provision for Doubtful Advance of MSPGCL					-126.98
Sale of Power - unbilled Revenue MSPGCL to MSEDCL					92.26
Surcharge Income from consumers MSPGCL to MSEDCL					2,545.45
Drawing charges MSETCL to MSPGCL					0.00
Finance Costs charged by MSEDCL to MSPGCL					-581.37
Finance Costs charged by MSEDCL to MSETCL					-122.95
Interest on Lease Liability by MSEDCL to MSEBHCL					-14.34
Interest on Lease Liability by MSETCL to MSEBHCL					-6.05
Provision for Expected Credit Losses charged to MSPGCL					-11.57
Provision for Expected Credit Losses of MSEDCL					-20.88
Interest on Lease Liability by MSPGCL to MSEBHCL					-8.56
Provision for Expected Credit Losses of MSEDCL					-133.66
					1,606.95
Consolidated Retained Earnings for the FY 2019-20					-1,190.24

Reconcilation of Retained Earnings for the F.Y 2018-19

Particulars	MSPGCL	MSTECL	MSEDCL	MSEBHCL	Total
Retained Earnings	-336.84	524.81	1,096.63	-32.24	1,252.37
Adjustment of Related Party Transactions					
For F.Y 2018-19					
Lease charged by MSETCL to MSPGCL					0.04

Sale of Empty Oil Barrel charged by MSETCL to MSEDCL	0.01
Reactive Charges charged by MSPGCL to MSTECL	18.13
Shifting of Under ground Cable charged by MSTECL to MSEDCL	-3.69
Supervision Charges for ORC work charged by MSETCL to MSEDCL	0.11
Electricity Charges charged by MSETCL to MSPGCL	-0.04
Provision for Expected Credit Losses of MSBBHCL	-0.09
Provision for Doubtful Advance of MSPGCL	-84.55
Water Charges charged by MSETCL to MSEDCL	-0.02
ORC related work Charges to MSEDCL	-0.03
Provision for Expected Credit Losses of MSPGCL	-37.12
Finance Costs charged by MSEDCL to MSPGCL	2,320.69
New Connection Charges charged by MSETCL to MSEDCL	-0.00
Provision for Expected Credit Losses charged to MSPGCL	-137.81
Finance Costs charged by MSEDCL to MSPGCL	3,776.31
New Connection Charges charged by MSETCL to MSEDCL	982.28
Provision for Expected Credit Losses charged to MSPGCL	-718.85
Excess Provision Written Back	-107.25
Sundry credit balance write back	-0.25
	6,007.87
Consolidated Retained Earnings for the FY 2018-19	-4,755.50

Note 48: Tax Expenses

I. In respect of MSEBHCL:

Deferred Tax Liability/Asset (net)

(Amt in Rs)

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liabilities (A)		
Timing difference on account of WDV of Fixed Assets	18,44,505,992	2,091,389,067
Deferred Tax Assets (B)		
Employee Benefits	56,100,605	54,220,348
Unabsorbed Depreciation	714,136,046	391,781,024
Others	218,031,491	178,894,084
Total (B)	**988,268,142**	**624,895,456**
Timing Difference(A-B)	**856,237,850**	**1,466,493,611**
Deferred Tax (Assets)/Liabilities as at Year End	**238,205,370**	**407,978,523**
Deferred Tax Charged/ (Credit)to Profit and Loss	**(169,773,153)**	**407,978,523**

II. In respect of MSETCL:

(a) Amounts recognised in statement of profit and loss

(Rs. in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current year	(10,566.04)	(16,256.86)
Short/Excess provision for earlier years	--	--
Current tax expense (A)	**(10,566.04)**	**(16,256.86)**
Origination and reversal of temporary differences	(17,479.69)	(5,953.60)
Deferred tax expense (B)	**(17,479.69)**	**(5,953.60)**
Tax expense recognised in the current statement (A) + (B)	**(28,045.72)**	**(22,210.45)**

(b) Amounts recognised in Other Comprehensive Income

(Rs. in lakhs)

	For the year ended March 31, 2020			For the year ended 31.03.2019		
	Before Tax	Tax Benefit (expense)	Net of Tax	Before Tax	Tax Benefit (expense)	Net of Tax
Items that will not be reclassified to profit or loss : Remeasurements of the defined benefit plans	(12,743.19)	4452.47	(8,290.72)	(413.07)	144.34	(268.73)
Equity Instruments through Other Comprehensive Income						
	(12,743.19)	4452.47	(8,290.72)	(413.07)	144.34	(268.73)

(c) Reconciliation of effective tax rate

	2019-20		2018-19	
	%	Rs. in lakhs	%	Rs. in lakhs
Profit before tax		49,793.35		74,691.71
Tax using the Company's domestic tax rate	34.94	17,399.79	34.94	26,100.27
Increase in tax rate	34.94	17,399.79	34.94	26,100.27

(d) Movement in deferred tax balances

(Rs. in lakhs)

	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2020		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/ (Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,66,675.47)	(21,223.07)			(287,898.55)	--	(2,87,898.55)
Right of Use Assets and its lease liability		84.09			84.09	84.09	
Loans and borrowings	(714.87)	1539.11			824.05	824.05	
Employee benefits	19,245.08	2436.41	4452.47		26,133.97	26,133.97	
Provisions	963.09				963.09	963.09	
Government grant	558.83	(337.67)			221.16	221.16	
Investment in government security	1,254.10	21.39			1275.50	1275.50	
Other items	7,778.41				7778.41	7778.41	
Tax assets (Liabilities)	(23,75,90.84)	(17,479.73)	4452.47		(2,50,618.08)	37,280.45	(2,87,898.55)
Reversal of Opening DTL	3,499.92				3,499.92	3,499.92	
Tax assets (Liabilities) (Net)	(2,34,090.92)	(17,479.73)	4452.47		(2,47,118.16)	40,780.37	(2,87,898.55)

(e) Movement in deferred tax balances

(Rs. in lakhs)

					March 31, 2020		
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/ (Liabilities)							

Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,62,056.59)	(4618.88)	--	--	(2,66,675.47)	--	(2,66,675.47)
Right of Use Assets and its lease liability	--	--	--	--	--	--	--
Loans and borrowings	(706.66)	(8.21)			(714.87)		(714.87)
Employee benefits	20,425.57	(1,324.83)	144.34	--	19,245.08	19,245.08	--
Provisions	963.09	--	--	--	963.09	963.09	--
Government grant	236.58	322.25	--	--	558.83	558.83	--
Investment in government security	1578.03	(323.93)	--	--	1254.10	1254.10	--
Other items	7778.41	--	--	--	7778.41	7778.41	--
Tax assets (Liabilities)	(2,31,781.57)	(5953.60)	144.34	--	(2,37,590.83)	29,799.51	(2,67,390.34)
Reversal of Opening DTL	3,499.92			--	3,499.92	3,499.92	
Tax assets (Liabilities) (Net)	(2,28,281.65)	(5953.60)	144.34	--	(2,34,090.91)	33,299.43	(2,67,390.34)

The company offsets tax assets and liabilities if and only if it has a legally enforcable to offset current tax assets and current tax liabilties and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

III. In respect of MSEDCL:

(I) Current Tax –

There is tax liability as per Minimum Alternate Tax (MAT) under section 115-JB of the Income Tax Act, 1961, as shown below:

Income tax expense

(i) Income tax recognised in statement of profit and loss

(Rs in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
A	**Current tax expense**		
	Current year	13,180	-
	Adjustment for earlier years	-	21,508
	Total current tax expense	13,180	21,508
B	Deferred tax expense	-	-
C	**Total tax expense (A+B)**	13,180	21,508

(ii) Income tax recognised in other comprehensive income

(Rs in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
A	Current tax expense		
B	Net actuarial (gains)/ losses on defined benefit plans	(2,106)	-
C	Deferred tax expense	-	-
	Total tax expense (A+B)	(2,106)	-

(iii) Reconciliation of tax expense and the accounting profit multiplied by applicable rate

(Rs in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
A	**Profit before tax including movement in regulatory deferral account balances**	43,902	1,31,170
B	**Tax at the applicable tax rate of 17.47% (PY 21.54%)**	7,670	28,266
C	**Tax effect of:**		
	Non-deductible tax expenses	447	-
	Provisions for doubtful debts and advances	56,852	47,631
	Provisions for non-moving items	-	331
	Adjustment	5,548	6,848
	Re measurement of defined benefit plans	(2,106)	(5,406)
	Bad debts written off	(57,337)	(86,612)
	Lower of the book loss/unabsorbed depreciation	-	-
	Current Year tax liability	11,074	-
	Earlier Year tax liability	-	21,508
E	Tax expense recognised in the statement of profit and loss*	13,180	-
F	Tax expense recognised in the Other Comprehensive Income	(2,106)	-

*Provision for Income tax for F.Y. 2017-18 is made in F.Y. 2018-19

a) Deferred Tax -

Deferred Tax consists of the following items:

(Rs in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
1.	Difference in WDV as per books and Income Tax Act	4,56,384	3,69,348
2.	Regulatory Asset	2,95,124	2,80,293
3.	Deferred Tax Liability (1+2)	7,51,508	6,49,641
4.	Expenses Allowable on payment basis	1,61,989	1,58,993
5.	Unabsorbed Depreciation/Loss	8,73,829	1,81,224
6.	Provision for Doubtful Debts	2,52,389	2,26,246
7.	MAT credit entitlement	32,582	21,508
8.	Deferred Tax Asset (4 to 7)	13,20,789	9,34,997
9.	Net Deferred Tax Asset / (Liability) (8-3)	5,69,281	2,85,356

In view of the uncertainty regarding generation of sufficient future taxable income, deferred tax assetshave not been recognised.

Note 49

Classification of Financial Assets and Financial Liabilities:
The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost.

The following table shows the carrying amount

(Rs. in Crores)

	As at 31.03.2020				As at 31.03.2019			
	FVTPL	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**
Financial assets								
(i) Investments (Quoted)	-	-	1,132.40	1,160.53	-	-	928.47	942.46
(ii) Investments (Unquoted)	-	-	466.97	466.97			146.19	146.19
(iii) Trade Receivables	-	-	34,300.17	34,300.17	-	-	25,001.56	25,001.56
(iv) Cash and Cash Equivalents	-	-	2,453.07	2,453.07	-	-	1,370.62	1,370.62
(v) Loans	-	-	12.35	12.35	-	-	31.27	31.27
(vi) Other Financial Assets	-	-	11,451.66	11,451.66	-	-	13,525.31	13,525.31
Total	**-**	**-**	**49,816.62**	**49,844.74**	**-**	**-**	**41,003.42**	**41,017.41**
Financial liabilities								
(i) Borrowings	-	-	70,566.21	70,566.21	-	-	64,962.33	64,962.33
(ii) Trade Payables	-	-	7,107.92	7,107.92	-	-	4,707.08	4,707.08
(iii) Other Financial Liabilities	-	-	43,490.87	43,490.87	-	-	34,899.04	34,899.04
Total	**-**	**-**	**121,165.00**	**121,165.00**	**-**	**-**	**104,568.45**	**104,568.45**

Note 50 :

Disclosure of Additional Information pertaining to the Parent Company , Subsidiaries and Associates as per Schedule III of Companies Act, 2013.

(Rs. in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2019-2020		2019-2020		2019-2020		2019-2020	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit / (Loss)	As % of Consolidated Other Comprehensive Income	Other Compre-hensive Income	As % of Consolidated Total Comprehensive Income	Total Comprehensive Income
Parent Company								
MSEB Holding Company Limited	**62.73%**	**87,019**	**4.77%**	**19.88**	**0.21%**	**(0.60)**	**15.21%**	**19.28**
Subsidiary Company								
Maharashtra State Eletricity Transmission Company Limited	8.10%	11,233	52.19%	217.48	28.60%	(82.91)	106.13%	134.57
Maharashtra State Eletricity Distribution Company Limited	15.95%	22,124	73.73%	307.23	34.32%	(99.50)	163.82%	207.73
Maharashtra State Power Generation Company Limited	13.22%	18,334	-30.69%	(127.88)	36.87%	(106.90)	-185.16%	(234.78)
Subtotal	100.00%	138,711	100.00%	416.71	100.00%	(289.91)	100.00%	126.80
Adjustment arising out of consolidation		(89,714)		(1,606.95)		-		(1,606.95)
Subtotal		**48,996**		**(1,190.24)**		**(289.91)**		**(1,480.15)**
Non controlling interests in subsidiaries		(21)		0.93		(0.75)		0.18
Total		**48,975.43**		**(1,189.31)**		**(290.66)**		**(1,479.97)**

(Rs. in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2018-19		2018-19		2018-19		2018-19	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit / (Loss)	As % of Consolidated Other Comprehensive Income	Other Compre-hensive Income	As % of Consolidated Total Comprehensive Income	Total Comprehensive Income
Parent Company								
MSEB Holding Company Limited	**62.82%**	**86,766**	**-2.57%**	**(32.24)**	**-0.09%**	**0.22**	**-3.21%**	**(32.02)**
Associate/Joint Venture								
Maharashtra State Eletricity Transmission Company Limited	8.04%	11,108	41.91%	524.81	1.08%	(2.73)	52.29%	522.08
Maharashtra State Eletricity Distribution Company Limited	15.79%	21,807	87.57%	1,096.63	98.82%	(250.89)	84.70%	845.74
Maharashtra State Power Generation Company Limited	13.35%	18,445	-26.90%	(336.85)	0.19%	(0.48)	-33.78%	(337.33)
Subtotal	100.00%	138,126	100.00%	1,252	100.00%	(254)	100.00%	998
Adjustment arising out of consolidation		(87,873)		(6,007.85)		-		(6,007.85)
Subtotal		**50,253**		**(4,755.50)**		**(254)**		**(5,009.38)**
Non controlling interests in subsidiaries		(22)		1.08		-		1.08
Total		**50,232**		**(4,754.42)**		**(254)**		**(5,008.30)**

Note 51: Other notes in respect of MSEBHCL:

1) Corporate Social Responsibility (CSR) –

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are applicable to the Company. However, no expenditure had been incurred on CSR by the Company had been incurring losses.

(Amount in Rs.)

	Year Ended 31/03/2020	Year Ended 31/03/2019
2% of average net profits over the last three years	(43,46,873)	(16,456,296)
Amount expended on CSR activity during the year	---	---
Pending obligations towards expendi ture on CSR	---	---

2) Financial Instruments – Accounting, Classification and Fair Value Measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value.

1) Fair value of cash and short term deposits, trade and other short term receivables, trade receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-terms maturities of these instruments.

2) Financial instruments with fixed and variables interest rates are evaluated by the Company based on parameters such as interest and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

The Company uses the following hierarchy for the determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

3) Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk as the respective reporting dates.

Foreign currency risk

The Company is not exposed to foreign currency risk at the respective reporting dates.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as the date of initial recognition. It consists reasonable and supportive forwarding looking information such as:

1) Actual or expected significant adverse changes in business.

2) Actual or expected significant changes in the operating results of the counterparty.

3) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

4) Significant increases in credit risk on other financial instruments of the same counterparty.

5) Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt the receivable due. When recoveries are made, these are recognised in profit or loss.

No significant changes in estimation techniques or assumptions were made during the year.

Liquidity risk

Liquid risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company is not exposed to liquidity risk at the respective reporting dates.

5) **Segment Reporting (IND AS 108)**

The company is a single-segment company with the object of holding shares in the subsidiaries on behalf of GOM. Hence additional disclosure under Indian Accounting Standard 108 is not required.

6) **Details of Dues to Micro and Small Enterprises:**

Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Act, 2006: The Company has obtained confirmations from suppliers and service providers who have registered themselves under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the balance due to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. NIL

a) **The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:**

Sr No.	Particulars	31.03.2020	31.03.2019
1	Principal Amount due and remaining Unpaid	Nil	Nil
2	Interest Due on above and the unpaid interest thereon	Nil	Nil
3	Interest paid	Nil	Nil
4	Payment made beyond the appointed day during the year	Nil	Nil
5	Interest due and payable for the period of delay	Nil	Nil
6	Interest accrued and remaining unpaid	Nil	Nil
7	Amount of further interest remaining due and payable in succeeding years	Nil	Nil

7) The Gross debts outstanding against rentals from property due from subsidiaries amounting to Rs.3,716,865,567/-(P.Y. Rs. 3,297,664,876/-) have been long outstanding, against which ECL provision has been made upto 31.03.2020 amounting to Rs. 218,031,491/-(upto 31.03.2019 –Rs. 178,894,084).

8) COVID-19: Based on its initial assessment, the management does not expect any significant impact on the business of the company due to COVID- 19 pandemic. The company has evaluated the possible effects of Covid-19 on the carrying amounts of property, plant and equipmentand trade receivables on the basis of internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above and companies operating efficiency gradually improving liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.

9. Figures for the previous year have been regrouped wherever necessary

Note 52: Other notes - In respect of MSPGCL:

1) Capital/Government Grants:

(Rs. in crores)

Capital Government Grants	
As at 31.03.2018	**61.89**
Received during FY 2018-19	29.25
Less: Grant returned / adjusted against Asset & Expenditure	76.81
Less: Government Grant amortised during FY 2018-2019	0.48
As at 31.03.2019	**13.85**
Received during FY 2018-19	0.22
Less: Grant returned / adjusted against Asset & Expenditure	0.50
Less: Government Grant amortised during FY 2019-20	0.47
As at 31.03.2020	**13.10**

(Rs. in crores)

	As at 31.03.2020	**As at 31.03.2019**
Current	0.47	0.48
Non Current	12.63	13.37
Total	**13.10**	**13.85**

Government grant have been received for the purchase of certain item of Property, Plant and Equipment at Pophali Hydro Power Station. The same have been accounted for as government grant and being amortised over the useful life of such assets.There are no other unfulfilled contions or contingencies attached to this grant. Further during the year Company has received Grant of Rs 0.22 Crs (PY Rs.29.25 Crs.)

2) Intangible assets under development

(Rs. In Crores)

Particulars	**As at 31.03.2020**	**As at 31.03.2019**
Opening Balance	133.76	132.25
Additions for the year	0.17	1.21
Specify the nature of exp		
Impairment reversal/(charge)		
Foreign exchange difference		
Closing balance	133.93	133.76

Company has acquired the right to develop the coal block at Gare Palma, Chattishgarh and it is in the process of appointing the mine developer for this purpose.

3) Investment in related party

(Rs. in crores)

Details of Transactions	Aurangabad
As at 31.03.2018	
-Quasi Equity Investment	4.85
Quasi Equity Investment during the year	--
As at 31.03.2019	4.85
-Quasi Equity Investment	4.85
Quasi Equity Investment during the year	--
As at 31.03.2020	
-Quasi Equity Investment	4.85

4) Assets hypothecated / pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(Rs. in crores)

Details of Transactions	As at 31.03.2020	As at 31.03.2019
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	35,192.87	37,276.28
Security created in respect of Current Borrowings		
i) Inventories	1763.03	1417.90
ii) Trade Receivables	17,930.66	13,551.35
Total assets as security	**19,693.69**	**14,969.24**

5) During the current financial year 2019-20, Revenue Subsidy towards Solar power sales from Central Government amounting to Rs.0.92 Crores (2018-19: Rs. 1.47 Crores) has been accounted.

6) In compliance of Ind AS-27 'separate Financial Statements', the required information is as under:

Particulars	Country of In Company	Nature of Investments	Percentage of ownership interest as on	
M/s. Mahaguj Collieries Ltd	India	Subsidiary	60.00%	60.00%
Dhopave Coastal Power Ltd	India	Subsidiary	100.00%	100.00%
Mahagenco Ash Management Services Ltd	India	Subsidiary	100.00%	100.00%

M/s. UCM Coal Company Ltd	India	Associates	18.75%	18.75%
M/s. Chhattisgarh KatghoraDongargarh Railway Limited	India	Associates	26.00%	26.00%

7) Outstanding balances of fellow subsidiaries at the end of financial year.

(Rs. In Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Payable to MSEDCL	544.22	505.97
Receivable from MSETCL	2.28	2.21

8) Trade Receivable from Related Party

(Rs. In Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
MSEDCL	17,820.49	13,443.07
MSETCL	128.83	122.23

9) Corporate Social Responsibility: During the year 2019 – 20, Company has spent Rs. 3.47 Crores (2018-19: Rs. 3.11 Crores) towards Corporate Social Responsibility (CSR).

(Rs. in crores)

Sr No.	Head of Expenses	2019-20	2018-19
1	Community development and welfare expenses	0.54	0.08
2	Death Compensation & Stipend to security guards	2.78	2.45
3	Donation for ChakradharSamaroh 2018 at Raigarh, Chattisgarh.	0.01	0.01
4	Honorarium payment for teacher csr(garepalma)	0.15	--
5	Drinking water supply & construction, repairs of tubewells, hand pumps etc	--	0.22
6	Construction / repair of road, compound wall, RCC drain, etc	--	0.35
		3.47	**3.11**

10) Segment Reporting:

A. Geographic information

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

Geography	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue		
In India	24,656.31	21,415.82
Outside India	Nil	Nil

II. Information about major customers		
Consolidated Revenue - exceeding 10% from each single external customer		
India		
Maharashtra State Electricity Distribution Company Limited.	24,472.15	21,266.68
Outside India	Nil	Nil

11) Company raises energy sale bill, Fuel Adjustment Charges Bill, Surcharge bill etc to MSEDCL. The funds received from MSEDCL are appropriated on First In First Out Basis. While doing so, the receipts are appropriated firstly towards interest on delayed receipts and subsequently towards the principal amount due from MSEDCL.

The balances of Trade Receivables, loans and advances are subject to confirmation and reconciliation if any.

12) The Company, in terms of Power Purchase Agreement with the Maharashtra State Electricity Distribution Company Limited (MSEDCL) has recognized Revenue on account of interest on delayed payments as a Surcharge i.e. Delayed Payment Surcharge (DPS) of Rs. 2544.30 Crores for the year and cumulative from FY 2009-10 to FY 2019-20 it is Rs. 12350.59 Crores. These are contractual receivables and Multi Year Tariff Regulations provide for recognition of surcharge over and above regular tariff.

As on 31.03.2018, both the companies viz., MSPGCL and MSEDCL were showing same amount of Delayed Payment Surcharge of Rs.7485.61 Crores in their respective books of accounts. As on 31-03-2019, the accumulated DPS outstanding was of Rs. 9806.30 Crs. However, in F.Y. 2018-19, MSEDCL revised the amount of DPS in its books by unilaterally changing the order of appropriation of payments wherein payments are first adjusted towards Principal Dues instead of DPS. The change was made applicable retrospectively. Consequently, MSEDCL has reduced the surcharge amount by Rs. 4843.23 Crs. unilaterally as communicated vide their letter dated 28-08-2019. Further, for the year 2019-20, Company has recognised unbilled surcharge receivable of Rs. 2544.30 Crs. as per the past consistent practice.

MSPGCL has been consistently working out and issuing DPS billing on the basis of apportioning and adjusting payments first to DPS and subsequently to principal amount of arrears. The management of the company is of the opinion that the methodology adopted by it is more appropriate considering the commercial nature of transactions and to be at arms length.

13) Impact of Covid-19 : In India and also at the global level, the outbreak of COVID-19 has created adverse impact on economic environment in general. Company's business has been to generate power and sell the same to Electricity Distribution Company in state of Maharashtra. Maintaining the availability of plants to generate power in order to meet the demand of power consumers is crucial aspect for the Company. Therefore, Company has continued to generate the power as per demand requirements even in the lockdown period. Further, the moratorium facility introduced by Reserve Bank of India has also been a relief measure to address the liquidity issues in the ensuing year. Considering power supply being an essential service, management believes that there is not much of an impact likely due to this pandemic on the

business of the Company and consequently, Company would be able to honor its financial obligations whenever due.

14) MSPGCL has been supporting the State Grid by supplying reactive energy since F.Y. 2013-2014 and the company has raised invoices for the same amounting to Rs 143 52 crs (including unbilled revenue Rs.14.68 crs) to the MSETCL till the F.Y. 2019-2020. However MERC in it'starrif order has stated that the mechanism for settlement of the reactive energy has not been implemented in the past and as the true up of the previous years has already been carried out including FY 2017-18 and FY 2018-19,Comission has not allowed any recovery of reactive energy charges for the past period (i.e. upto FY 2018-19). Company has made provisions for bad debts amounting to Rs .126.98 crs (equivallent to Reactive engery charges upto FY 2018-19) in the current year. However, the decision passed as per this order is in dispute and thus the company has filed an appeal against the order of MERC to the Appellate Tribunal for Electricity.

15) In view of the Supreme Court of India ruling in case of Regional Provident Fund Vs Vivekananda Vidyamandir And Others dated 28th February 2019, regarding the coverage of certain allowances for making of Provident Fund contributions, the Company is still in the process of evaluating the said ruling. Depending upon the outcome, Company may be contingently liable to contribute employer's share of provident fund to CPF Trust of the MSEB group Companies, the amount for which is yet to be ascertained. The same will be accounted for once the matter is crystallized. Management does not expect the impact to be significant.

16) Classification of Financial Assets and Financial Liabilities:

(Rs. In Crores)

	31.03.2020			31.03.2019		
	FVTPL	**FVTOCI**	**Amortised Cost**	**FVTPL**	**FVTOCI**	**Amortised Cost**
(i) Trade Receivables			17,930.66			13,551.35
(ii) Cash and Cash Equivalents			4.96			0.32
(iii) Bank Balances other than (ii) above			--			--
(iv) Loans			7.65			10.64
(v) Other Financial Assets			2784.86			2906.89
Total	**--**	**--**	**20,728.12**	**--**	**--**	**16,649.19**
Financial liabilities						
(i) Borrowings			30,828.80			31,072.73
(ii) Trade Payables			2251.91			1328.34
(iii) Other Financial Liabilities			9913.87			7636.08
Total	**--**	**--**	**42,994.58**	**--**	**--**	**40,037.15**

Financial risk management

Risk management framework

In its ordinary operations, the Company's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has its risk management process which has been carried out at regular interval. In case of MahagujColieries Limited, Mahagams Limited &Dhopave coastal power Limited there are no borrowings from Banks/ Financial Institutions.

A. Regulatory risk

Mahagenco: The company submits the Annual revenue requirement to Maharashtra Electricity Regulatory Commission, based on these approved tariffs the company raises monthly energy bills to its customers. The tariff so determined by MERC are based on the MERC (Mutly Year Tariff) regulations which get revised periodically. These tariff are determined based on normative parameters as set out in the said regulations. Any change in the normative parameters or guding regulatory provisions will have impact on the income from sale of the power of the company.

B. Company has identified financial risk and categorised them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category and how Company manages the risk is explained in following notes:

B.1 - Credit risk ;

Mahagenco: Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The maximum exposure to credit risk in case of all the financial instuments covered below is resticted to their respective carrying amount.

Trade receivables

Mahagenco: The Company works out the expected credit losses of trade receivables (which are considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables. The trade receivables refer to receivables against supply of power to MSEDCL, being fellow subsidiary and soverign entity, no credit risk has been envisaged. The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

Rs. In Crores)

	31.03.2020		**31.03.2019**	
	Gross Carrying Amount	**Loss Allowance**	**Gross Carrying Amount**	**Loss Allowance**
Past due 0-90 days	17,930.66	--	13,551.35	--
Past due 91–360 days	--	--	--	--
More than 360 days	40.16	40.16	40.16	40.16
	17,970.82	**40.16**	**40.16**	**40.16**

The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

(Rs. In Crores)

A at 31.03.2018	1022.44
Add: Expected Credit Loss Recognised	--
Less: Amounts Written Off	982.28
As at 31.03.2019	40.16
Add: Expected Credit Loss Recognised	--
Less: Amounts Written Off	--
As at 31.03.2020	40.16

Cash and cash equivalents:

(Rs. In Crores)

	As at 31.03.2020	As at 31.03.2019
Cash and Cash Equivalents	4.96	0.32

Investment in debt securities

In case of Magaenco, the investments are in the subsidiary/Joint Venture companies.

B.2. Liquidity risk

Mahagenco: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

Maahgenco: The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. Mahagenco diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, buyer's credit loan, clean & secured domestic Term loan (and Foreign Currency Loans on back to back arrangement basis through Government of India and Government of Maharashtra etc.). Mahagenco taps domestic as well as foreign financial institutions like IBRD & KFW from time-to-time to ensure appropriate funding mix and diversification of geographies.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. In Crores)

	Contractual Cash flows					
	31.03.2020			31.03.2019		
	Upto 1 yr	1-3 years	More than 3 years	Upto 1 yr	1-3 years	More than 3 years
Non-derivative financial liabilities						
Borrowings	3340.45	6162.50	16,564.51	2466.85	5369.33	17,642.78
Borrowings for working capital	8101.79			8060.62		
Trade payables	2251.93			1328.32		
Other financial liabilities	9913.31			7635.74		
Total	**23607.49**	**6162.50**	**16,564.51**	**19,491.54**	**5369.33**	**17,642.78**

C. Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

C.1. Currency risk:

The Company is exposed to currency risk mainly on account of its borrowings from KfW Germany and IBRD (World Bank) in foreign currency. Our exposures are 4.92 Crores Euro and 3.86 Crores U.S. dollars. However, Company operates in rate regulatory environment. Consequently, any variation in the foreign exchange rate is allowed to be recovered from consumers at actuals. Hence, company doesn't have significant risk on account of variation in foreign currencies.

C.2 Interest rate risk

Interest rate risk exposure:

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Carrying Amount in (Rs.)	
	31.03.2020	31.03.2019
Fixed-rate instruments		
Financial assets	--	--
Financial liabilities	408.94	478.26
Variable-rate instruments		
Financial assets	--	--
Financial liabilities	33,760.32	33,061.33

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or Loss			
	25bp increase	**25bp decrease**	**25bp increase**	**25bp decrease**
	31.03.2020	31.03.2019		
Floating rate borrowings	84.40	(84.40)	82.65	(82.65)
Interest rate swaps (notional principal amount)	--	--	--	--
Cash flow sensitivity (net)	**84.40**	**(84.40)**	**82.65**	**(82.65)**

C.3. Commodity Risk

Company operates in rate regulatory environment. Company's cost comprises mainly of coal cost. Any variation in the coal cost is allowed to be recovered from consumers at actuals subject to performance parameters to be achieved. Hence, company doesn't have significant risk on account of variation in coal price.

17) The Inter- Company Transactions are reconciled on a continuous basis. However at the year end balances are subject to Confirmations/Reconciliation which is not likely to have a material impact.

18) Capital management

The Company's policy is to maintain a strong capital base so as to maintain shareholder's confidence and to sustain future development of the business. Management monitors the return on capital.

The Company monitors capital using debt equity ratio.

(Rs in Crores)

	31.03.2020	**31.03.2019**
Long term borrowings (Rs. Crores)	22,727.01	23,012.11
Equity share Capital (Rs. Crores)	25,343.97	25,284.15
Debt to Equity ratio	0.90	0.91

19) Dividends

Mahagenco and its subsidiaries Companies have not declared dividend so far.

20) Previous year figures have been regrouped wherever necessary.

Note 53: Other notes In respect of MSETCL:

1) Government Grants for capital assets

(Rs. in lakhs)

Capital / Government grants	Amount
As at 1st April 2018	**28,031.49**
Received during FY 2018-2019	5023.69
Interest received on GEC & PSDF Grants	82.98
Government Grant amortised during FY 2018-2019	-922.19
As at 31.03.2019	**32,215.97**
Received during FY 2019-20	1351.80
Interest received on GEC & PSDF Grants	82.71
Government Refunded during the year FY 2019-20	-3500.00
Government Grant amortised during FY 2019-20	-966.31
As at 31.03.2020	**29,184.17**

(Rs. in lakhs)

	31.03.2020	31.03.2019
Current	795.43	921.72
Non-Current	28,388.74	31,294.25
Total	**29,184.17**	**32,215.97**

MSETCL has received Government Grant for the purpose of strengthening of Transmission Network by constructing Substations and Lines in various Districts in Maharashtra.

<table>
<tr><th>F.Y</th><th>Grant Received (Rs. in lakhs)</th><th>Purpose for which grant received</th><th>Reasons for unfulfilled conditions</th></tr>
<tr><td>2006-07</td><td>6850.00</td><td rowspan="3">Construction of Substations and Lines for strentening of Transmission Network in 14 Districts</td><td>Total 29 Schemes out of which only 2 schemes are still ongoing</td></tr>
<tr><td>2007-08</td><td>8000.00</td><td>Total 21 Schemes out of which only 4 schemes are still ongoing</td></tr>
<tr><td>2008-09</td><td>9000.00</td><td>Total 79 Schemes out of which only 3 schemes are still ongoing.</td></tr>
<tr><td>2017-18</td><td>874.53</td><td rowspan="3">Power System Development Fund for System improvement</td><td rowspan="3">Work in progress</td></tr>
<tr><td>2018-19</td><td>1284.90</td></tr>
<tr><td>2019-20</td><td>740.60</td></tr>
<tr><td>2017-18</td><td>7500.00</td><td rowspan="4">Received as per the recommendation of 13th Finance Commission towards equity portion of MSETCL for Green Energy Corridor Project</td><td rowspan="4">Work in progress</td></tr>
<tr><td>2018-19</td><td>3556.59</td></tr>
<tr><td>2019-20</td><td>611.20</td></tr>
<tr><td>2019-20 (refunded)</td><td>(3500.00)</td></tr>
</table>

2017-18	1809.38	The grant is received from State Government towards 50% construction cost of Jawahar substation in Thane district under Tribal Sub Plan Area (TSP)	Work in progress
2018-19	182.20		
Interest Earned on GEC and PSDF Grant	165.80		
Total	37075.20		

2) Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost:

(Rs. in lakhs)

	31.03.2020			31.03.2019		
	FVTPL	**FVTOCI**	**Amortised Cost**	**FVTPL**	**FVTOCI**	**Amortised Cost**
Non -current financial Assets						
Investments			85,736.86			75,870.26
Loans #			153.55			226.77
Other non - current financial assets #			--			
Current Financial assets						
Investments			42,829.87			13,022.91
Loans #			309.41			264.67
Other non - current financial assets #			6238.58			2859.96
Total			1,35,268.27			92,244.57
Non - current Financial Liabilities						
Borrowings #			4,70,392.74			5,00,359.29
Other non - current Financial Liabilities #			2,23,326.08			1,81,320.14
Current Financial liabilities						
Borrowings #			1,29,735.79			1,13,128.48
Trade Payables #			33,365.32			31,211.20
Other Financial Liabilities #			18,254.79			18,183.23
Total			**8,75,074.72**			**8,44,202.34**

The above amounts are considered at cost

MSETCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category are as below.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. MSETCL establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amounts.

Trade receivables:

As per the accounting policy, MSETCL has determined the allowance of expected credit loss on trade receivables arising out of its business of primary electricity transmission utility in the state of Maharashtra and taking into consideration its base of customers comprising of distribution Licensees, Wheeling of power and receivables from other services including STU and allied servies which contains major amounts to be recovered from fellow subsidiairies or entities which are also public sector entities

Major Trade receivables of MSETCL are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a Transmission System User (TSU) consumer pays the arrears, the interest is the last element to be recovered. Accordingly, effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses

The Company works out the expected credit losses of trade receivables (which are presently considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables from services as described above. MSETCL has after considering the behaviour pattern of the customers has not made the provision for expected credit loss, other than for the identified doubtful receivables.

The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

(Rs. in lakhs)

	31.03.2020		31.03.2019	
	Gross Carrying Amount	**Loss Allowance**	**Gross Carrying Amount**	**Loss Allowance**
Past due 0-180 days	16,640.65		14,987.24	
Past due 180-365 days	8,656.26		7,814.97	
From 1 year to 2 years	36,104.64		32,523.99	
From 2 year to 3 years	9,282.07		8359.81	
Above 3 years	2,02,345.67	11,613.59	1,80,851.77	12,470.78
	2,71,515.53	**11,613.59**	**2,44,537.78**	**12,470.78**

Cash and cash equivalents:

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with Banks		
In Current Accounts	1608.42	6281.91
In Fixed Deposit Accounts (with original maturity of less than 3 months)	3738.70	5221.49
Cash and Stamps on Hand	16.34	14.98
Total	**5363.46**	**11518.38**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. MSETCL diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, clean & secured domestic Term loans. These loans are taken from REC, PFC and banks.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in lakhs)

	Contractual Cash flows					
	31.03.2020			31.03.2019		
	Upto 1 yr	1-3 years	More than 3 years	Upto 1 yr	1-3 years	More than 3 years
Non-derivative financial liabilities						
Borrowings	1,03,830	2,50,774	2,19,016	99,600	3,00,100	2,00,521
Trade payables						
Other financial liabilities						
Total	**1,03,830**	**2,50,774**	**2,19,016**	**99,600**	**3,00,100**	**2,00,521**

Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

Currency risk:

Interest rate risk exposure:

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(Rs. in lakhs)

	Carrying Amount	
	31.03.2020	**31.03.2019**
Fixed-rate instruments		
Financial assets	1,28,566.73	88,893.17
Financial liabilities	19,759.35	21,794.72
Variable-rate instruments		
Financial assets		
Financial liabilities	5,80,369.18	5,78,333.81

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Rs. In Lakhs)

	Profit or Loss			
	25bp increase	**25bp decrease**	**25bp increase**	**25bp decrease**
	31.03.2020		**31.03.2019**	
Floating rate borrowings	1450.92	(1450.92)	1445.83	(1445.83)
Interest rate swaps (notional principal amount)	--	--	--	--
Cash flow sensitivity (net)	1450.92	(1450.92)	1445.83	(1445.83)

3A) Details of Associates/Joint Venture:

Name of Associate/Joint Venture	Principal Activity	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interest / Voting Rights held by the Group	
			As at 31.03.2020	As at 31.03.2019
Equity Shares				
Jaigad Power Transco Ltd (JPTL)	Transmission of electricity	Mumbai	26.00%	26.00%
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	49.00%	38.14%
Preference Shares				
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	100.00%	100.00%

Aggregate Summarised Financial Information of Associates/Joint Venture that are not individually material

(Rs. In Lakhs)

	JPTL		MTCIL	
Particulars	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Carrying amount of Investment in Equity Shares	3304.62	3035.60	(0.00)	295.38
Carrying amount of Investment in Preference Shares			519.31	522.37
Company's Share of Profit or Loss from Continuing Operations	731.57	626.66	(385.98)	(294.36)
Company's share of post-tax profit or loss from discontinued operations				
Company's share in other comprehensive income	0.41	(0.14)	(0.44)	(4.08)
Company's share in Total comprehensive income	**731.98**	**626.52**	**(386.42)**	**(298.45)**

3B : Details of Subsidiary

Name of Associate/Joint Venture	Principal Activity	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interest / Voting Rights held by the Group	
Equity Shares			**As at 31.03.2020**	**As at 31.03.2019**
'KhargharVikhroli Transmission Pvt Ltd (KVTPL)	Transmission of electricity	Mumbai	100	NA.

KhargharVikhroli Transmission Private Limited (KVTPL) is an wholly Owned Subsidiary Company of Maharashtra State Electricity Transmission Company Ltd (MSETCL). MSETCL has invested Rs 5.00 Lakhs as Equity Contribution in it. KhargharVikhroli Transmission Private Limited is an unlisted private company. It was incorporated on 13 May, 2019 and is located in , Maharashtra. It is classified as a State Government Company.

As per Para 4 of Ind AS 110 and Para 17 of Ind AS 28, while doing Consolidated Accounts for FY 2019-20, MSETCL did not consider KVTPL as it is formed as a Special Purpose Vehicle (SPV) for the purpose of 400 KV Vikhroli Sub-station project under the Tariff Based Competitive Bidding (TBCB) Route which is approved by Government of Maharashtra vide its GR dated 04 January, 2019 for construction of new Transmission projects in Maharashtra.

Particulars	**As at 31.03.2020**	**As at 31.03.2019**
Aggregate carrying amount of the Company's interest in these Associates/Joint Venture	3823.92	3853.35
Impairment of Goodwill/Investments	--	--
Carrying amount of the Company's interest in these Associates/Joint Venture	3823.92	3853.35

After completion of bidding process, the SPV is to be acquired by the Successful Bidder. Accordingly , MSETCL has initiated procedures to handover the said Company to Adani Transmission Ltd. Adani Transmission Ltd. has been given the Letter of Intent (LOI) from Maharashtra State Electricity Transmission Company (MSETCL) to build, own, operate and maintain a transmission project in the state of Maharashtra for a period of 35 years. This is the first ever 400 kV substation facility in the city of Mumbai. The project KhargharVikhroli Transmission comprises of approximately 34 km of 400 kV and 220 kV transmission lines along with 400kV GIS Substation at Vikhroli in Mumbai.

3C : Disclosure of Additional Information pertaining to the Parent Company , Subsidiaries and Associates as per Schedule III of Companies Act, 2013.

(Rs. In Lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2019-20		2019-20		2019-20		2019-20	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit / (Loss)	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Total Comprehensive Income	Total Comprehensive Income
Parent Company								
Maharashtra State Eletricity Transmission Company Limited	99.46%	11,23,259.30	98.41%	21,402.02	100.00%	8290.72	97.43%	13,111.30
Subsidiary Company								
Kharghar-Vikroli Transmission Private Ltd	0.00%	5.00	0.00%	--	0.00%	--	0.00%	--

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2018-19		2018-19		2018-19		2018-19	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit / (Loss)	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Total Comprehensive Income	Total Comprehensive Income
Parent Company								
Maharashtra State Eletricity Transmission Company Limited	99.52%	11,10,860.59	99.37%	52,148.96	98.47%	268.73	99.37%	51,880.23

Associate/Joint Venture								
Jaigad Power Transco Ltd (JPTL)	0.50%	5,602.90	3.36%	731.57	0.00%	-0.41	5.44%	731.98
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	0.04%	434.92	-1.77%	(385.97)	0.01%	0.44	-2.87%	386.41
Total	**100%**	**11,29,302.13**	**100%**	**21,747.62**	**100%**	**8290.75**	**100%**	**13,456.87**

Transmission Company Limited								
Associate/Joint Venture								
Jaigad Power Transco Ltd (JPTL)	0.44%	4870.92	1.19%	626.66	0.04%	0.11	1.20%	626.55
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	0.05%	538.00	-0.56%	(294.36)	1.50%	4.08	-0.57%	-298.45
Total	**100%**	**11,16,269.51**	**100%**	**52,481.26**	**100%**	**272.91**	**100%**	**52,208.33**

3D. Interest in Associates/Joint Venture

MSETCL has a 26% (March 31,2018: 26%) interest in Jaigad Power Transmission Ltd (JPTL), a Associate/Joint venture engaged in the transmission of electricity and 49% (March 31, 2018 : 38.14%) interest in Maharashtra Transmission Communication Infrastructure Limited (MTCIL), a Associate/ Joint venture engaged in making available optical fibre capacity on lease.

MSETCL's interest in JPTL &MTCIL ('Associate/Joint Venture') is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Associate/ Joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

(Rs in lakhs)

	JPTL		**MTCIL**	
Summarised Balance Sheet	**As at 31.03.2020**	**As at 31.03.2019**	**As at 31.03.2020**	**As at 31.03.2019**
Proportion of the Company's ownership (%)	26.00%	26.00%	49.00%	38.14%
Current Assets	2916.55	3368.49	1114.40	774.60
Non Current Assets	30,922.40	33676.49	10,030.50	10,486.30
Total Assets (A)	**33,838.95**	**37,044.98**	**11,144.90**	**11,260.90**
Current Liabilities	2923.90	2926.92	4955.00	5937.00

Non Current Liabilities	9365.45	15,383.76	5302.30	3913.00
Total Liabilities (B)	**12,289.34**	**18,310.69**	**10,257.30**	**9850.30**
Net Assets (A)-(B)	**21,549.61**	**18,734.29**	**887.60**	**1410.60**
Proportion of the company's ownership	**5,602.90**	**4,870.92**	**434.92**	**538.00**
Add/ (less) : Dividend paid		357.50		
Add/ (less) : Share in profit for previous years	1566.30	1208.80	(84.39)	15.64
Add/ (less) : Bonus Shares issued				
Carrying amount of investments	**4,036.60**	**3,304.62**	**519.31**	**522.37**

Summarised statement of profit and loss of the Associates/Joint Venture

(Rs in lakhs)

	JPTL		**MTCIL**	
Particulars	**As at 31.03.2020**	**As at 31.03.2019**	**As at 31.03.2020**	**As at 31.03.2019**
Proportion of the Company's ownership (%)	26.00%	26.00%	49.00%	38.14%
Revenue from operations	8038.30	8078.43	676.80	452.20
Other Income	156.37	221.05	15.60	1.80
Total Income	**8194.66**	**8299.48**	**692.40**	**454.00**
Expenses				
Repair & Maintenance Expenses	--	--	--	--
Purchase of Traded Goods	--	--	71.70	--
Employee benefits expense	144.41	99.86	82.60	73.00
Finance costs	1336.03	1828.49	405.70	267.20
Depreciation and amortization expense	2912.37	2910.64	627.10	656.10
Other expenses	387.28	381.53	293.00	229.50
Total Expenses	**4780.09**	**5220.53**	**1480.10**	**1225.80**
Profit/(loss) before tax	**3414.57**	**3078.95**	**(787.70)**	**(771.80)**
Tax expense:				
(1)Current tax	600.84	(668.71)	--	--
(2) Current tax- Previous years				
(3)Deferred tax				
Profit/(Loss) for the year	**2813.73**	**3747.66**	**(787.70)**	**(771.80)**
Company's share of Profit/(Loss) for the year	**731.57**	**974.39**	**(385.97)**	**(294.36)**
Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss				
- Remeaurement of defined benefit plans	1.92	(0.55)	(0.90)	(10.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.34)	0.12	--	--
Company's share of Profit from Other Comprihensive Income	**0.41**	**(0.11)**	**(0.44)**	**(4.08)**
Total Comprehensive Income for the period	**731.98**	**974.28**	**(386.41)**	**(298.45)**

4) Assets hypothecated / pledged as security: The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	19,02,346	19,56,902
Security created in respect of Current Borrowings		
i) Inventories ii) Fixed Deposit Receipt	49,000	80,000
Total assets as security	**19,51,346**	**20,36,902**

5) Capital Management: The Corporation's objective is to maximize the shareholders' value by maintaining an optimum capital structure.Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

Rs. in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Debt *	6,00,128.53	6,13,487.77
Cash and Cash Equivalent	(5,363.46)	(11,518.38)
Net Debt	5,94,765.07	6,01,969.39
Equity share Capital	11,23,259.30	11,10,860.60
Net Debt to Equity Ratio	0.53	0.54

* Debt is defined as aggregate of long-term borrowings, short-term borrowings and current maturities of long term debt.

6) Contingency Reserve, Special Reserve & Load Despatch Center Development (LDCD) Fund : As per directions of MERC vide Order No. 31 of 2016 dated 7th July, 2016, the company for FY 2019-20 has appropriated an amount of Rs. 6,597.00 Lakhs (Previous Year Rs. 6,681.00 Lakhs) towards Contingency Reserve. An amount of Rs. NIL (Previous Year Rs. NIL) has been appropriated towards Special Reserve and an amount of Rs 2,270.33 Lakhs (Previous Year Rs 4,053.04 Lakhs) has been appropriated towards Load Despatch CenterDevelopement (LDCD) Fund.

7) Secured Loans:

(Rs.in lakhs)

Loan Secured By				
Name of the Institution	**Guarantee from State Government**	**Hypothecation against future assets**	**Mortgage against existing assets**	**Total**
Rural Electrification Corporation Limited (REC)	NIL	3,57,198.42	--	3,57,198.42
Power Finance Corporation Limited (PFC)	NIL	1,66,475.35	--	1,66,475.35
Union Bank of India		948.91	--	948.91
Bank of Baroda		1879.24	--	1879.24
Canara Bank		14,877.12	--	14,877.12
Bank of India (BOI)		11,890.38	--	11,890.38
Oriental Bank of Commerce (OBC)		591.56	--	591.56

Repayment Schedule of Long Term Loan Liabilities

Particulars	Rural Electrification Corporation	Power Finance Corporation	Union Bank of India	Bank of Baroda	Canara Bank	JICA	KFW	OBC	Bank of India
Nature of Loan	**Term Loan**	**Term Loan**	**Term Loan**	**Term Loan**	**Term Loan**	**Term Loan**	**Term Loan**	**Term Loan**	**Term Loan**
Loan Amount	Up to Borrowing Limit Rs.11,24,364 Lakhs	Up to Borrowing Limit Rs.6,10,338 Lakhs	Rs 33,570 Lakhs	Rs 26,400 Lakhs	Rs 5,00,000 Lakhs	Rs.61,849 Lakhs (16,749 million Yen) (12,070.58 MJPY)	Rs 10,250 Lakhs (12 million Euro) (12 M EURO)	Rs 27,673 Lakhs	Rs 30,000 Lakhs
Period (Term)	13 years (3+10)	18 years (3+15)	15 years (3+12)	15 years (3+12)	13 Years (3+10)	15 Years (5+10)	15 Years (5+10)	10 years	13 years (3+10)
Moratorium Period	3 Years	3 Years	2 Years	2 Years	3 Years	5 Years	5 Years	--	3 Years
Repayment	Repayment is ongoining	Repayment is ongoining	Repayment is Started	Repayment is Started	No.start Repayment	Repayment is Started	Repayment is yet to start	Repayment is started	No.start Repayment
Purpose of Use	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Debt Restructuring	Capex Funding
Rate of Interest (Floating) at year end	10.66%	10.66%	9.40% p.a	9.30% p.a	8.40%	0.75%	1.27%	8.85%	8.88%
			With annually reset	With annually reset	With annually reset			With annually reset	With annually reset
Terms of Payment	Yearly	Quarterly	156 monthly installments	156 monthly instalments	40 quarterly installment	Semi Annually	Semi Annually	Yearly	20 Half yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Commitment Charges	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of Quarter till the Date of Actual Drawal	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of the Previous Quarter from the first day of following Quarter till the Actual Date of Drawal	Nil	Nil	Nil	Nil	0.20% pa on undisbursed amount	Nil	Nil
Margin Money Requirement (Equity) From 01.04.2017	25.00%	25.00%	20.00%	20.00%	25.00%	VAT,CST/ ED Paid by MSETCL	GST Paid by MSETCL		25.00%

Foreign Currency Loan

Loan Secured by	**JICA (Rs.) in Lakhs**	**JICA (¥) in Million**
Guarantee from Central Government	17,303.86	25,258.40
¥ Japanese Yen		
Loan Secured by	**KFW (Rs.) in Lakhs**	**EURO in Million**
Guarantee from Central Government	2455.49	2.97

8) **Capital commitments:** Capital Expenditure contracted for at the end of reporting period but not recognised as liabilities is as follows:

(Rs. In Lakhs)

Particulars	**31.03.2020**	**31.03.2019**
Property, Plant and Equipment	2,42,607.48	2,03,721.13
Less: Capital Advances	--	--
Net Capital Commitments	**2,42,607.48**	**2,03,721.13**

9) Balances of Trade Receivables, Financial assets - Loans and advances are subject to confirmation and reconciliation. The Company is taking necessary steps for reconciliation and confirmation of the same.

10) The Company generally makes payment to its creditors within a period of 45 days as stipulated in the Micro, Small and Medium Enterprise Act 2006. The Company is in the process of identifying Micro, Small and Medium Enterprises as defined in above mentioned Act. Hence, relevant disclosure is not made. The Company has not provided any interest payable to Micro and Small Enterprise as required by the aforesaid Act in absence of the information. However, such interest payable is not expected to be of material nature.

11) The group Company's Receivables & Payables are subject to confirmation and reconciliation. These items interalia includes an adjustments. It's long pending inter-unit advise payable balances of Rs 22,697.26 lakhs (Receivables Rs 19,679.53 lakhs upto FY 2017-18 and Rs. 324.29 Lakhs upto FY 2019-20. Payables Rs 40,863.03 lakhs upto FY 2017-18 and Rs.1,838.05 Lakhs upto FY 2019-20 i.e Net payable Rs 22,697.26 lakhs) pertaining to MSEDCL through the Receivable against Transmission Charges from MSEDCL by Rs.21,183.50 in FY 2017-18 and Rs.1,513.76 Lakhs in FY 2019-20.

12) In accordance with Ind AS 36 - Impairment of assets, impairmentanalysis of assets of Transmission activity of the Company by evaluation of its Cash Generating Units, was carried out by outside agency in the year 2006-07 and since recoverable was more than the carrying amount thereof, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

13) MSETCL is consistently following its accounting policy regarding recognition of other income on ‘accrual basis except when ultimate realization of such income is uncertain’ as mentioned in Note no. 1.(11)(MSETCL) which is in commensurate with applicable accounting standard. As such Delayed Payment Charges (DPC) being part of other income is recognized only to the extent of realized amount. Thus by adopting this policy the accounts of each financial years have been finalized on the basis of which Truing-up (Provisional / Final) is done by MERC as mentioned in clause 11.3 of MYT Regulations 2011 (applicable upto FY 2015-16).

MERC has done truing-up for every financial year based on the accounts and not adjusted the amount of Delayed Payment Charges upto truing up of FY 2014-15 as the same was not accounted for in the accounts. However, MERC while carrying out provisional true-up for FY 2015-16 has reduced ARR by Rs.85,499.00 lakhs towards Delayed Payment Charges related to the earlier financial years including FY 2015-16 which have been not accounted for in accounts as per accounting policy. Apart from this adjustment, MSETCL is entitled for its legitimate ARR of Rs.394,437.00 lakhs as is evident from MERC order dtd. 7th July 2016 in case no. 31 of 2016. To match with this entitled ARR accrued in FY 2016-17, MSETCL has accounted for Rs.85,499.00 lakhs as other income being shortfall in ARR which has resulted on account of adjustment towards DPC in FY 2016-17. Further, MSETCL has filed an appeal before APTEL against the order of MERC in case No 31 of 2016 vide Appeal No 67 of 2017.

Considering the above adjustment, an amount of DPC accumulated as on 31st March 2020 Rs. 82,641.00 lakhs have not been booked as per consistent accounting policy followed.

14) Company is required to make provision of Rs 1,083.37 lakhs u/s 135 (Corporate Social Responsibility) of Company's Act 2013 in Current year as Average Net Profit calculated as per section 198 .

(Rs. in Lakhs)

Particulars	**2019-20**	**2018-19**
Amount required to be spent as per Section 135 of the Companies Act, 2013	9519.51	8436.14
Amount spent till year end		
Education, Sports and Health	441.06	239.59
Social Sector, Contribution to relief fund & Agriculture	445.18	1.74
Infrastructure & Electrification	1150.13	884.47
Outstanding CSR Liability to be spent	7483.15	7310.33

15) In order to facilitate integration & evacuation of large scale renewable energy generation (Solar / Wind) envisaged to come up in renewable energy rich state MNRE & Government of India (GoI) has undertaken the Green Energy Corridor for seamless evacuation of Green Energy in 12 th Five Year plan .Under the approved DPR 27 No of transmission elements (220 kV/132 kV transmission Lines with End Bays) are sanctioned under various zones. The original cost of scheme was Rs. 367 Cr.

The said scheme is proposed to be financed as -

MSETCL Equity - 20 % (same is being funded through Government of Maharashtra (GoM) as grant)

National Clean Energy Fund (Grant) - 40 %

KFW (German Development Bank) Loan- 40 % (12 Million EUROS)

Company has entered into an agreement for loan of EUR 12,000,000 from KFW ("Credit Institute for Reconstruction") German Bank In the year 2017 (from date 1-Dec-2017 to date 30-Dec-2022 disbursals).The said loan will be utilized for Green Energy Corridor (GEC) Intra State Transmission System in Maharashtra. As per the terms of loan agreement MSETCL has to make claim payment then the same shall be claimed from KFW. The disbursement of loan is depend upon the progress of work of project Upto 31-Mar-2020. Company has received loan amount of EUR 2,969,148 (Rs.23,51,29,230) whereas as per agreement Company eligible for maximum amount of EUR 10,064,400

As per clause 3, of Loan Agreement Borrower has to pay non refundable Commitment Fee of 0.20% per annum on undisbursed Loan amount. MSETCL has lodged its first claim for disbursement of loan with Office of Controller of Aid, Accounts and Audit (CAAA) on 23th April 20 which in turn lodge the same with KFW , Germany. The first disbursement was made by KFW on 8-May-2019 before which nothing has requested as no billing was made by vendors related to work allocated for KFW loan . Due to which KFW has charged the Commitment fee Rs.4,922,872 which is charged to Statement of Profit & Loss.

As per agreed procedure, the claimed approved by KFW was disbursed to GoI which is in turn transfer to GoM. Subsequently, GoM on receipt of fund , transfer the claim amount to Company, if budget Provision exist. If budget provision does not exist then GoM can transfer it by including amount in supplementary budget. Vide GoM GR dated 19th March 2020, GoM has sanctioned an amount of Rs. 10.6892 Crs out of total loan of Rs. 23.51 Crs disbursed in F Y 2019-20 by KFW . This sanction of loan could not get distributed to MSETCL due to COVID-19 issue. Since then due to lockdown GoM has not distributed any amount to MSETCL and the same is lying with GoM.

As per term of agreement, all liabilities related to loan will be finally fall upon company, hence Company has paid interest amount to KFW and same has been capitalized to GEC and as on 31-Mar-2020 as project is in progress. Company showing in books this as loan from KFW and receivables from GoM.

Also forex loss on translations at the year end is also charged to P&L amounting to Rs.1.04 Cr as the exchange risk lies with Company.

As the cost of GEC project got reduced from Rs. 367.00 Crs to Rs. 168.72 Crs (awarded cost) , the amount of equity also got reduced. Accordingly Company had refunded grant amount of Rs. 35 Crs during the year received against equity from GoM for said project.

16) Expenses Identified pertaining to previous years to the tune of Rs. 3,645.87/- Lakhs and income relating to previous period of Rs. 1,627.57/- Lakhs have been adjusted against the provision made in the previous years by Rs.2,018.30 Lakhs (P.Y. Rs. 1,270.50 Lakhs)

17) Due to outbreak of COVID-19 globally and in India, the Company has made initial assessment of likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company is in the business of transmission of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. The availability of transmission of electricity as per the demand of the Distribution Licensees is important. Hence, the Company has ensured not only the availability for transmission of electricity but has also continued the same during the period of lockdown, considering essential service as declared by the Government of India.

On long term basis also, the Company does not anticipate any major challenge in meeting its financial obligations. Basis above, the management has estimated its future cash flows for the Company which indicates no major change in the financial performance as estimated prior to

COVID-19 impact and hence, the Company believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.

18) Previous' Years figures have been regrouped wherever necessary for the appropriate presentation of Financial Statements to comply with the Provisions of Schedule III as per the Companies Act, 2013.

Note 54: Other notes In respect of MSEDCL:

1) Going Concern Assumption :

The accumulated losses of the Group as at 31st March 2020 are Rs 26,17,651 Lakhs. (PY Rs 26,38,425 Lakhs). The current liabilities as at 31st March 2020 (PY 31st March 2019) are in excess of its current assets.

MSEDCL is the only power distribution licensee which caters to the requirements of all consumers in the state of Maharashtra except certain areas of Mumbai. Electricity, being essential service, needs to be supplied to the consumers on continuous (24 X 7) basis.

The Company has entered into long term power purchase agreements with various power generators for a period from 15 – 35 years and has been procuring power as per requirements from time to time. Recently, in order to tide over the liquidity crunch and ensure operational efficiency, GoM has taken over the debt of MSEDCL which is being converted into grant in phased manner under UDAY scheme, launched by Government of India. Under the said Scheme, the GoM has also agreed to take over part of the losses incurred by the Company till FY 2020-21.

The Company has been consistent in meeting its day-to-day liabilities. The Company has also been regular in debt servicing of long term & short-term loans and there is no default in debt servicing.

Further, MSEDCL is fully owned by GoM and various projects/ schemes are being implemented by GoM for improvement in distribution network & consumer service, considering the interest of the public at large. Such projects are funded by the GoM either in the form of equity or grant.

Considering the above and the fact that Government of Maharashtra is expected to infuse additional funds, as and when required, the financial statements have been drawn up on going concern basis and no adjustment is considered necessary to the carrying value of assets and liabilities.

2) Accounting of Renewable Purchase Obligation (RPO):

As per MERC RPO Regulations 2016, every Obligation Entity shall procure electricity generated from eligible RE sources to the extent of the percentages specified in Regulation, out of its total procurement of electricity from all sources in a year. MSEDCL in FY 2019-20 has not fulfilled the RPO as per MERC specification. Hence MSEDCL has provided Rs 2,00,360 Lakhs (PY Rs 2,39,000 Lakhs) towards the shortfall.

3) Balance Confirmation :

Balances of Trade Payables, Loans & Advances, Other Current as well as Non- Current Assets/ Liabilities are subject to reconciliation / confirmation and necessary adjustments, if any, from the respective parties. Balance confirmations of various post offices and few banks are not available. Hence these balances are subject to reconciliation/confirmation and necessary adjustments, if any. The management does not expect any material difference affecting the current year financial statement due to the same.

4) Capital Work in Progress and Property Plant Equipment :

An asset is created based on the Work Completion Report (WCR) generated in the SAP–ERP system. Wherever the date of capitalisation in the system is later than actual capitalisation, the depreciation for the differential period is calculated and accounted for. In few cases, work has been completed but not capitalised. This has resulted in non-charging of depreciation in such cases. The amount of depreciation not provided for -

5) Financial Instruments:

The classification of assets and liabilities has been given as below (Refer Balance Sheet)

(Rs. In Lakhs)

	31.03.2020				31.03.2019			
	FVTPL	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**
Financial Assets								
(i) Investments in Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Investments in Bonds	0.00	0.00	31,370	33,420	0.00	0.00	18,573	19,087
(iii) Trade Receivables	0.00	0.00	39,45,989	39,45,989	0.00	0.00	30,06,095	30,06,095
(iv) Cash and Cash Equivalents	0.00	0.00	1,68,626	1,68,626	0.00	0.00	43,096	43,096
(v) Other Bank Balances	0.00	0.00	69,015	69,015	0.00	0.00	79,524	79,524
(vi) Loans	0.00	0.00	33,657	33,657	0.00	0.00	34,799	34,799
(vii) Other Financial Assets	0.00	0.00	8,71,928	8,71,928	0.00	0.00	10,58,983	10,58,983
Total	**0.00**	**0.00**	**51,20,585**	**51,22,635**	**0.00**	**0.00**	**42,41,069**	**42,41,583**
Financial liabilities	**0.00**	**0.00**			**0.00**	**0.00**		
(i) Borrowings including Current Maturities	0.00	0.00	38,09,887	38,09,887	0.00	0.00	33,21,740	33,21,740
(ii) Trade Payables	0.00	0.00	21,71,096	21,71,096	0.00	0.00	17,73,889	17,73,889
(iii) Other Financial Liabilities excl. Current Maturities	0.00	0.00	31,90,037	31,90,037	0.00	0.00	24,10,006	24,10,006
Total	**0.00**	**0.00**	**91,71,020**	**91,71,020**	**0.00**	**0.00**	**75,05,634**	**75,05,634**

Financial Risk Management:

Risk management framework

In its ordinary operations, MSEDCL's activities expose it to various types of risks, which are associated with the financial instruments and markets in which it operates. MSEDCL has its risk management process which has been carried out at regular interval. The following is the summary of the main risks:

I. Regulatory Risk

MSEDCL submits the Annual Revenue Requirement (ARR) to Maharashtra Electricity Regulatory Commission (MERC). The MERC after due diligence & prudence check determine the tariff to be charged to consumer. The tariff so determined by MERC is based on the MERC (Multi Year Tariff) Regulations which get revised periodically. The tariff is determined based on normative parameters as set out in the said Regulations. Any change in the normative parameters or guiding Regulatory provisions or perception will have impact on the income from sale of the power of the company.

II. **MSEDCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category are as below.**

(i) Credit Risk :

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. MSEDCL establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amounts.

a) Trade Receivables including interest:

As per the accounting policy MSEDCL has determined the allowance of expected credit loss on trade receivables taking into consideration its widespread base of customers as well as the social obligations that the Company has to fulfill as the primary electricity distributor in the state of Maharashtra.

Trade receivables being short term in nature, lifetime expected credit losses are measured, considering the asset as credit impaired, in case the customer does not pay on due dates. Following Ind AS 109, MSEDCL has opted to exercise the practical expedient of determining the loss allowance on a provision matrix. This matrix takes into consideration appropriate grouping or segmentation of Customers and their ageing profile. MSEDCL has determined forward looking information on the behavior pattern of the customer.

Further, while making the provision for expected credit loss:

(a) The Company has considered trade receivables from customers against whom legal proceedings have been initiated except MPECS.

(b) The Company has considered trade receivables due from distribution franchisees except Global Tower Limited (GTL) as the legal proceedings have been initiated for recovery of receivable amount.

(c) The Company has considered trade receivables after deducting security deposits received from consumers on individual basis. The trade receivables to the extent of security deposit amount, is considered as secured receivables and the ECL are provided on such remaining unsecured receivables.

The total security deposit from consumers as per books of account and Information Technology (IT) data base are Rs 8,10,680 (PY Rs 7,54,348 Lakhs) (Refer Note 18) and Rs 8,08,783(PY Rs7,54,775) Lakhs respectively. There is difference of Rs 1,897 Lakhs (PY Rs 427 Lakhs) between the security deposit from consumers as per books of accounts and IT. However, provision for interest on Security Deposit is made as per IT report.

The movement in allowance for expected credit losses on trade receivable is as under.

(Rs in Lakhs)

Particulars	Amount
ECL Allowance as on March 31, 2018	**8,88,183**
Addition during the FY 2018-19	2,15,265
Write-off during FY 2018-19	4,01,934
ECL Allowance as on March 31, 2019	**7,01,514**
Addition during the FY 2019-20	3,25,784
Write-off during FY 2019-20	3,28,226
ECL Allowance as on March 31, 2020	**6,99,072**

b) Other Receivables:

Besides Trade Receivables, the Company has recognised an allowance for expected credit losses on other financial assets.

The movement in allowance for expected credit losses (including provision for doubtful debts) on other receivables is as under.

(Rs in Lakhs)

Particulars	Amount
ECL Allowance as on March 31, 2018	**19,942**
Movement during FY 2018-19	5,798
ECL Allowance as on March 31, 2019	***25,740**
Movement during FY 2019-20	(318)
ECL Allowance as on March 31, 2020	***25,422**

*It includes provision of bad and doubtful debts of Rs 453 Lakhs (PY Rs453 Lakhs) on other receivables from related parties.

Note 54 (5) (II)(i)(a)

The details of computation of ECL on trade receivables & other receivables are as follows:

(Rs. In Lakhs)

	ECL on Trade Receivables including interest					
Customer Category	**Net Trade Receivables (Gross Outstanding after adjustments)**	**ECL Allowance**	**Percentage of Allowance to Net Outstanding**	**Net Trade Receivables (Gross Outstanding after adjustments)**	**ECL Allowance**	**Percentage of Allowance to Net Outstanding**
	As on 31 March 2020			**As on 31 March 2019**		
Government Customers	5,41,261	1,21,790	22.50%	4,76,871	59,874	12.56%
*Regular Good	5,26,067	12,280	2.33%	4,90,717	27,928	5.69%
*Regular Residual				2,294	4,54	19.78%
Agricultural	30,18,029	3,33,402	11.05%	26,60,838	4,54,448	17.08%
Permanently Disconnected	4,65,707	4,30,344	92.41%	6,83,876	4,31,464.35	63.09%
Sundry Debtors for Sale of Power to Fra	16,221	216	1.33%	12,485	14	0.11%
Total	**45,67,285**	**8,98,031**	**19.66%**	**43,27,080**	**9,57,261**	**22.12%**
Provision for bad and doubtful debts	1,29,267	1,29,267		1,29,267	1,29,267	--
PD including amnesty &AbhayYojana write off	--	-22		--	-4,01,934	--
LT AG int write off	--	-2,20,410		--	--	--
Government Consumers Int W/Off	--	-1,07,794		--	--	--
Total of above	**46,96,552**	**6,99,072**	**14.88%**	**44,56,346**	**7,01,514**	**15.74%**

Note :- 54 (5) (II)(i)(b)

(Rs. In Lakhs)

	ECL on Other Receivables					
Particulars	**Other Receivables**	**ECL Allowance**	**Percentage of Allowance to Outstanding**	**Other Receivables**	**ECL Allowance**	**Percentage of Allowance to Net Outstanding**
	As on 31 March 2020			**As on 31 March 2019**		
MSPGCL	47,016	13,366	28.43%	47,008	12,209	25.97%
MSETCL	7	--	0.00%			
Other State Electricity Boards				9,277	9,218	99.36%
Others deposits	2,216	1,257	56.74%	1878	1200	63.91%
Total	**49,238**	**14,623**	**29.70%**	**58,163**	**22,628**	**38.90%**
Provision for bad and doubtful other receivables:						
MSETCL				1572	1572	100.00%
MPDCL	247	247	100.00%	247	247	100.00%
DPCL	207	207	100.00%	207	207	100.00%
Other State Electricity Boards	9277	9277	100.00%			
Loan & advances to Licensee	31	31	100.00%	31	31	100.00%
Advances/ amounts recoverables from employees	1037	1037	100.00%	1056	1056	100.00%
Total of provision	10,799	10,799	100.00%	3113	3113	100.00%
Grand Total	**60,038**	**25,422**	**42.34%**	**61,276**	**25,740**	**42.01%**

Note on Credit Risk Concentration

MSEDCL does not have any credit risk concentration. It has more than 278 Lakhs (PY 266 Lakhs) consumers in various categories with diverse patterns of consumption of electricity.

c) Cash and Bank Balances:

(Rs. In Lakhs)

Particulars	**As at 31.03.2020**	**As at 31.03.2019**
Cash and Cash Equivalents	1,68,626	43,096
Other Bank Balances	69,015	79,524

Credit loss is not provided for cash and Bank Balances as they are held with the banks, having good reputation.

d) Investments:

Investments made are for specific purposes and is also made in a subsidiary Company. Provision for diminution in the value of investments made in subsidiary Company has been created for a value of Rs 5 Lakhs (PY Rs 5 Lakhs). Fair values of bonds are derived from quoted market near the reporting date (Level 1).

(ii) Liquidity Risk :

Liquidity risk is the risk that MSEDCL will not be able to meet its financial obligations as they become due. MSEDCL has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. MSEDCL has adequate borrowing limits in place duly approved by its Board. MSEDCL sources of liquidity include operating cash flows, cash and Bank Balances, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

a) Financing arrangements:

MSEDCL has adequate fund and non-fund based limits from various banks. MSEDCL has sufficient borrowing limits in place duly approved by its Board. It's diversified source of funds and strong operating cash flows enable it to maintain requisite capital structure discipline. The financing products include buyer's credit loan clean & secured domestic term loan.

b) Arrangement for working capital facilities & securities given:

An arrangement for working capital facilities (fund based and non-fund based) including cash credit facility and Working Capital Demand Loan (WCDL) aggregating to Rs 7,00,000 Lakhs (P.Y. Rs 7,00,000 Lakhs) has been made with the various banks, details of which are as under:

Arrangement for working capital facilities (fund based and non-fund based) for FY 2019-20

(Rs in Lakhs)

Particulars	Fund Based Limits (Cash Credit Facility/ WCDL)	Fund Based Limits utilized as at 31.03.2020	Fund Based balance as on 31.03.2020	Non Fund Based Limits	Non Fund Based Limits utilized as at 31.03.2020	Non Fund Based balances as on 31.03.2020
Canara Bank	1,50,000	1,44,000	6,000	2,00,000	1,99,385	615
Bank of India	34,000	34,000	-	95,000	79,726	15,274
United Bank of India	49,000	49,000	-	-	-	-
Syndicate Bank	23,250	23,250	-	3,300	-	3,300
Bank of Maharashtra	63,750	62,000	1,750	11,700	4,604	7,096
State Bank of India	30,000	30,000	-	40,000	-	40,000
Total	3,50,000	3,42,250	7,750	3,50,000	*2,83,715	66,285

* It includes Bank Guarantee of Rs 4,614 Lakhs and Letter of Credit of Rs 2,79,101 Lakhs.

Arrangement for working capital facilities (fund based and non-fund based) for FY 2018-19.

(Rs in Lakhs)

Particulars	Fund Based Limits (Cash Credit Facility/ WCDL)	Fund Based Limits utilized as at 31.03.2019	Fund Based balance as on 31.03.2019	Non Fund Based Limits	Non Fund Based Limits utilized as at 31.03.2019	Non Fund Based balances as on 31.03.2019
Canara Bank	1,50,000	1,41,500	8,500	2,00,000	1,93,248	6,752
Bank of India	34,000	-	34,000	95,000	69,823	25,177
United Bank of India	49,000	49,000	-	-	-	-
Syndicate Bank	38,250	38,250	-	3,300	-	3,300
Bank of Maharashtra	63,750	61,750	2,000	11,700	3,362	8,338
Untied GAP	15,000	-	15,000	40,000	-	40,000
Total	**3,50,000**	**2,90,500**	**59,500**	**3,50,000**	***2,66,433**	**83,567**

* It includes Bank Guarantee of Rs 3,892 Lakhs and Letter of Credit of Rs 2,62,541 Lakhs.

The above working facilities are secured by hypothecation of present & future book debts of the Company of the non-escrow circles.

The details of Unsecured short term loans- bank & others are as under:

(Rsin Lakhs)

Particulars	As at 31 March 20	As at 31 March 19
(I) Loans from banks (Short term Loan)		
(i) Maharashtra State Co-op. Bank	1,43,333	83,333
(ii) Ratnagiri District Co Op Bank	-	30,000
(iii) Thane District Co Op Bank	-	16,668
(II) Loan from Others		
(i) Interest free Loan from Maharashtra Industrial Development Corporation (MIDC)	12,352	12,352
(ii) Energy Development Agency Ltd	-	25,000
Total	**1,55,685**	**1,67,354**

c) Maturities of financial liabilities :

The amounts disclosed in the table are the contractual undiscounted cash flows .

(Rs. In Lakhs)

	Contractual Cash flows					
	31.03.2020			31.03.2019		
	Upto 1 yr	1-3 years	More than 3 years	Upto 1 yr	1-3 years	More than 3 years
Non-derivative financial liabilities						
Borrowings	9,21,861	20,65,853	8,13,033	4,57,854	18,29,430	10,34,457
Trade payables	21,71,096			17,73,889		
Other financial liabilities	27,32,930	36,225	8,57,157	14,85,908	24,645	8,99,453
Total	**58,25,887**	**21,02,078**	**16,70,190**	**37,17,650**	**18,54,075**	**19,33,910**

(iii) Market Risk - Market Risk is further categorized as (a) Currency Risk, (b) Interest Rate Risk.

a) Currency Risk:

MSEDCL does not have any currency risk as it does not have any exposure to foreign currency loans.

b) Interest Rate Risk:

MSEDCL's interest rate risk arises from the potential changes in interest rates on borrowings. The interest rate profile of the MSEDCL's interest bearing financial instruments is as follows.

(Rs in Lakhs)

	Carrying amounts	
	As At 31.03.2020	As At 31.03.2019
Fixed-rate instruments		
Financial liabilities- Borrowings	12,70,563	14,50,015
Variable-rate instruments		
Financial liabilities- Borrowings	25,30,282	18,58,888

c) Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.

(Rs in Lakhs)

	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2020		31.03.2019	
Floating rate borrowings	(6,326)	6,326	(4,647)	4,647
Cash flow sensitivity (net)	(6,326)	6,326	(4,647)	4,647

6) **Regulatory Assets (Refer Balance sheet and Profit and loss):**

i) Nature of rate regulated activities:

As per Ind AS 114 Regulatory Deferral Accounts, the business of electricity distribution is a rate regulated activity wherein Maharashtra Electricity Regulatory Commission (MERC), the Regulator determines tariff to be charged by the Company to its consumers based on prevailing Regulations.

ii) Recognition and measurement:

MSEDCL submits the Annual Revenue Requirement (ARR) to Maharashtra Electricity Regulatory Commission (MERC). The MERC after due diligence & prudence check determine the tariff to be charged to consumer. The tariff so determined by MERC is based on the MERC (Multi Year Tariff) Regulations which get revised periodically.

MERC vide order dated 30.03.2020 has approved the final truing up of Aggregate Revenue Requirement (ARR) FY 2017-18 & FY 2018-19, provisional truing up of FY 2019-20 and approved tariff for control period from FY 2020-21 to FY 2024-25.

Accordingly, Regulatory Asset of MSEDCL as at 31st March 2020 is accounted for and the details are as follows:

(Rs in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
A	Opening Regulatory Asset	8,98,373	9,47,873
B	Regulatory income during the year:		
	i) Power purchase cost [excluding provision made of Rs 2,00,360 lakhs (P.Y. Rs 2,39,000 lakhs)towards shortfall of Renewable Power Obligation (RPO)]	68,85,039	61,03,584
	ii) Other expenses as per the terms of Tariff Regulations including ROE	12,19,568	10,91,849
	iii) Revenue billed during the year	73,48,021	73,03,632
	iv) Carrying Cost Allowed	88,075	58,700
	Regulatory income / (expenses) (i+ii-iii+iv)	8,44,661	-49,500
C	Allowance/(disallowance) of income of previous year(s)	-	-
D	Closing Regulatory Asset/(Liability) (A+B+C)	17,43,034	8,98,373

iii) Risk associated with future recovery/ reversal of regulatory asset balance

a) Regulatory risk

The tariff is determined after considering PP cost, Operation and Maintenance cost, finance cost, depreciation, other expenses, Return on Equity (ROE) and non-tariff income and after applying prescribed norms. The tariff so determined by MERC is based on the MERC (Multi Year Tariff) Regulations which get revised periodically. The tariff is determined based on normative parameters as set out in the said Regulations. Any change in the normative parameters or guiding Regulatory provisions or perception will have impact on the income from sale of the power of the company.

b) **Demand Risk -** Change in consumer mix, shifting of existing consumers to alternative sources of supply and vice n versa, etc.

c) **Other risk including other market risk –** Short generation of power due to shortage of fuel, social and economic obligations etc.

These may have an impact on the recovery of regulatory asset balance.

7) Subsidy from GoM towards concession in Tariff:

Maharashtra Electricity Regulatory Commission (MERC) has powers to determine electricity tariff under section 61 & 62 of Electricity Act, 2003. The State Government has powers under section 65 of Electricity Act, 2003 to give concession in electricity tariff to any consumer or class of consumers. The State Government reimburses to the Company to the extent of subsidy granted to the consumers. As it is subsidy to consumers and not the Company, the Company accounts for the same in the books of account as "Receivable from Government of Maharashtra" under Trade Receivable and the 'Revenue From Sale of power' is booked at the MERC Tariff rate.

MERC, while determining the electricity tariff does not consider the concession/ subsidy given by the State Government in electricity tariff to any consumer or class of consumers. The electricity tariff determined by MERC is full tariff and not subsidised/concessional tariff. Thus the revenue from sale of power is not booked at the concessional tariff rate, but at MERC Tariff Rate i.e. rate without the concession/ subsidy in electricity tariff to any consumer or class of consumers given by the State Government. The subsidy given by the Government of Maharashtra is just like partial payment (to the extent of concession/subsidy) on behalf of concerned consumers / categories of consumers.

(Rs. in lakhs)

Year	Opening Balance Receivable from GoM	Subsidy Accounted	Subsidy Received/ Adjusted	Balance Receivable from GoM
2018-19	2,10,254	10,34,557	11,66,207	*78,604
2019-20	*78,604	8,00,781	**5,69,962	3,09,423

*After considering the adjustment of subsidy of Rs 4,32,220 Lakhs against Electricity Duty/ Tax on sale of Electricity payable to GoM.

** It does not include subsidy of Rs 4,32,220 Lakhs adjusted against Electricity Duty/ Tax on sale of Electricity in FY 2018-19.

8) Termination of Distribution Franchisee Agreement:

a) Global Tower Ltd. (GTL):

A Distribution Franchisee Agreement (DFA) was signed with Global Tower Ltd. (GTL) on 23.02.2011 for the designated Distribution Franchisee (DF) area of Aurangabad and it was handed over to GTL on 01.05.2011. As per provisions of DFA, GTL was to pay the invoice amount towards energy supplied by MSEDCL at the input points of Aurangabad DF area within stipulated time. GTL failed to pay the full amount of invoice raised by MSEDCL in time and the outstanding piled up.

The DFA with GTL was terminated with effect from 10th November, 2014 and the designated Distribution Franchisee (DF) area was taken over by MSEDCL for further operations. The final dues from GTL are yet to be settled with due deliberation by the Board. Legal proceedings are initiated for recovery of receivable amount Rs 37,506 Lakhs - including accumulated interest of Rs 35,972 Lakhs (PY Rs 31,451 Lakhs - including accumulated interest of Rs 29,928 Lakhs).

b) Spanco Nagpur Discom (SND) Limited:

SND Ltd (formerly Spanco Nagpur Discom Limited) was appointed as Distribution Franchisee (DF) of MSEDCL for three divisions of Nagpur Zone and was operational since 01st May 2011.

However, SND Ltd has informed MSEDCL about precarious financial position of the company and its inability to continue the DF operations in Nagpur area. Considering the deteriorating performance & financial crunch of SND Ltd, MSEDCL decided to take over the operations of the Nagpur DF Area as per the request of SND Ltd. Thereafter, as per the provisions of DFA, Final Termination Notice was issued to SND Ltd on 07.09.2019 and designated area was taken over by MSEDCL on 09.09.2019. Final termination account in respect of SND Ltd is in progress and provisional amount payable to SND Ltd is Rs 5,096 Lakhs (PY receivable Rs 11,435 Lakhs). No effect to the said termination has been given in the financial statements as at 31st March 2020.

9) Impairment of Assets:

In accordance with Ind AS 36 on ‘Impairment of Assets’ the Management of MSEDCL has carried out a review of its assets with respect to economic performance. On the basis of the review, the Management is of the opinion that economic performance of the assets of the Company is reasonable and therefore there is no impairment as on the date of the Balance Sheet.

10) Micro, Small and Medium Enterprises information:

In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the yearend together with the interest paid/payable as required by MSMED Act, 2006 is not disclosed. However, due care has been taken to release the payment within due date.

11) Foreign Currency Contracts:

The Company has not given any contracts to out of India entities and therefore nothing is done or receivable on account of foreign currency contracts.

12) Segment Reporting (Ind AS 108)

Board of Directors are collectively acting as the Company’s “Chief Operating Decision maker” (CODM) within the meaning of Ind AS 108. The CODM evaluates MSEDCL’s performance and allocates resources based on an analysis of various performance indicators. There is only one primary segment i.e. sale of power. Therefore, further disclosure as per IND AS 108 regarding Operating Segments is not required. The Company, however, discloses its operations under more than one segments as required by MERC while submitting its Annual Reveune Requirement for the purpose of Truing Up.

13) Technical Parameters and Subsidy related information:

Sr.No.	Particular	Unit	FY 2019-20	FY 2018-19
A	Gross Energy Generated	MU	NA	NA
B	Less: Auxiliary Consumption	MU	NA	NA
C	Energy Purchased (Gross)	MU	1,32,020	1,36,253
D	Input Open Access	MU	4,543	5,322
E	Total Input Energy (A-B+C+D)	MU	1,36,563	1,41,575
F	Less: Energy Traded/ Inter-state sales (Net)	MU	841	1,134
G	Less: Transmission Loss	MU	7,449	7,905
	Transmission Losses (%) (G/E)		5.45	5.58
H	Net Input Energy (E-F-G)	MU	1,28,273	1,32,536
I	Energy sold	MU	1,07,866	1,09,605
J	Open Access Sale	MU	4,156	4,822
K	Total Energy Sold (I+J)	MU	1,12,022	1,14,427
	Distribution Loss	MU	20,407	18,109
	Distribution Loss (%)(Dist loss/net input energy)		15.91	13.66
L	Revenue from energy traded/inter-state sales (with respect to units of F above)	Rs Lakhs	32,959	39,732
M	Subsidy Booked/ Built in the Revenue	Rs Lakhs	*8,00,781	10,34,557
N	Subsidy received	Rs Lakhs	*5,69,962	11,66,207

***Refer Note No:54(7)**

14) Incentive Earned on REC repayment loan:

Ministry of Power (MOP), Government of India has introduced the concept of National Electricity Fund (NEF) Interest Subsidy scheme to provide interest on loans disbursed to State Power Distribution Utilities, in order to improve the infrastructure in Distribution Sector. The projects sanctioned by Rural Electrification Corporation (REC) during the FY 2012-13 and FY 2013-14 are eligible for NEF schemes.

Based on the parameters mentioned in the scheme, MSEDCL has submitted the relevant details for claim of interest subsidy for the FY 2015-16 towards the interest paid by MSEDCL amounting toRs 19,474 Lakhs. REC vide letter dated 27.05.2019 informed that NEF Steering Committee has approved interest subsidy of 4% i.e. Rs 6,452 Lakhs under NEF for FY 2015-16 (PY Rs 2,935 Lakhs for FY 2014-15) based on the evaluation carried out by the Independent Evaluator in accordance with NEF Guidelines. REC has adjusted interest subsidy amount of Rs 4,064 Lakhs against the interest demand due on 20th September 2019. MSEDCL has reduced the interest cost to that extent so that the benefits can be passed on to the consumers.

15) Auditors' Remuneration:

(Rs. in Lakhs)

Sr. No	Particulars	FY 2019-20	FY 2018-19
1.	Statutory Audit	96	81
2.	Reimbursement of Expenses	6	7
3.	GST on Audit Fees	17	15

16) Government Grants and Consumers Contributions:

Government Grants, Subsidies and Consumer contributions have been received for the cost of distribution network. The same have been accounted for as government grant/consumer contribution and amortised over the useful life of such assets. There are no other unfulfilled conditions or contingencies attached to these receipts.

(Rs. in lakhs)

Particulars	Grant		Consumer Contribution	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
As at 1st April	6,07,558	4,19,092	*3,01,208	2,98,182
less:Adjustments			**9,519	
Add: Received during the year	1,94,795	2,37,488	42,794	3,65,93
Less: Amortised to the statement of profit and loss	42,682	49,023	56,706	33,567
As at 31st March	7,59,671	6,07,558	*2,77,778	*3,01,208
Current	59,083	49,023	35,659	33,567
Non-current	7,00,588	5,58,535	2,42,119	2,67,641

* i) It includes Contribution from GoM through REC for RGGVY (Refer Note 21)

ii) Reclassification of SLC/ORC to other financial liabilities – current

** [Refer Note 54 (26)]

17) Refund of Service Line Charges (SLC), Out Right Contribution (ORC) & Meter Cost:

MSEDCL had recovered the service line charges, Out Right Contribution (ORC) & Meter Cost from consumers while releasing new connections. MERC passed an order dated 08.09.2006 and directed MSEDCL that the cost towards infrastructure from delivery point of transmission system to distributing mains should be borne by MSEDCL.

After receipt of verdict from Hon'ble Supreme Court of India on 10th Nov 2016, MERC vide letter dated 20th July 2017 has further directed to comply with the Commission's Order to refund the collected amount to the consumers. Therefore after verification the eligible amount along with interest @ 6% is being refunded to respective consumers as per MERC's order. The SLC and ORC refundable to consumers is Rs 14,297 Lakhs (PY Rs 15,722 Lakhs).

18) UjjwalDiscom Assurance Yojana (UDAY)

The Scheme UDAY was launched by the Government of India on 20th November, 2015 to ensure a permanent and sustainable solution to the debt ridden Distribution utilities to achieve financial stability and growth.

As per the Tripartite MOU, signed by Ministry of Power, Govt. of India, Govt. of Maharashtra (GoM) and MSEDCL on 07/10/2016, Government of Maharashtra shall take over Medium Term and Short Term debt of Rs 4,95,975 Lakhs (Being 75% of Rs 6,61,300 Lakhs, the debt of MSEDCL as on 30th September 2015. The debt is taken over by GOM and shall be transferred to MSEDCL as Grant/loan as shown in the following table:

Rs. in lakhs

Year	Total Debt taken over	Transfer to MSEDCL in the form of Loan	Transfer to MSEDCL in the form of Grants	Date of Government Resolution (GR)	Outstanding State loan of MSEDCL
16-17	20% of debt taken Over	4,95,975	99,175	31/03/2017	3,96,800
17-18	20% of debt taken Over		99,200	13/02/2018	2,97,600
18-19	20% of debt taken Over		99,200	13/02/2019	1,98,400
19-20	20% of debt taken Over		99,200	31/03/2020	99,200
20-21	20% of debt taken Over		99,200		
	Total		**4,95,975**		

The grant received from GoM under UDAY scheme is treated as Revenue Grant for accounting purpose and interest on outstanding loan is paid to GOM and booked accordingly.

MSEDCL is paying interest on the outstanding loan of GoM at the rate at which GoMissued non SLR Bonds.

GoM issued Bonds through RBI and transferred Rs4,95,975 Lakhs (Rs 2,95,975 Lakhs @7.38 % p.a. and Rs 2,00,000 Lakhs @7.33 % p.a.) to MSEDCL on 13/02/2017.

As per MOU, Government of Maharashtra shall take over the future losses of the MSEDCLs in a graded manner as follows:

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Previous Year's DISCOM loss to be taken over by State	0% of the loss of 2014-15	0% of the loss of 2015-16	5% of the loss of 2016-17	10% of the loss of 2017-18	25% of the loss of 2018-19	50% of the loss of FY 2019-20

19) DDUGJY, IPDS & Smart Grid:

Government of India has launched "DeendayalUpadhyaya Gram JyotiYojna" (DDUGJY) and "Integrated Power Development Scheme" (IPDS) for strengthening of network in rural and urban area respectively.

MSEDCL participated in DDUGJY and IPDS projects under these Schemes which are implemented on Turnkey basis. The amount received under these schemes is deposited in separate bank accounts and as per the directives of Ministry of Power (MoP), the interest earned on utilized subsidy component is to be remitted to Govt. of India's account on regular basis.

The details of Grant received utilised, balance to be utilized and fixed deposit amount as on 31.03.2020 are as under:

(Rs in Lakhs)

Particulars	DDUGJY & Saubhagya Scheme	IPDS	*Smart Grid	TOTAL
Opening Balance	18,934	530	270	19,734
Grant Received	21,980	70,215	-	92,195
Interest Received	53	922	-	975
Grant Utilized	28,973	50,485	-	79,458
Interest Paid to MoP	324	965	-	1,289
Remitted to MoP	-	-	270	270
Balance to be Utilized	11,669	20,217	-	31,886
**FD Amount (Canara Bank)	-	-	-	-

*Since Smart Grid is not being implemented, the FD is withdrawn and remitted to MoP

**PFC vide letter dated 24.09.2019 requested to operate Saving bank account (without CLTD facility) under Central Sector (CS) Schemes instead of CLTD Account linked with Fixed Deposits (FD).

The details of Grant received utilised, balance to be utilized and fixed deposit amount as on 31.03.2019 are as under:

(Rs in Lakhs)

Particulars	DDUGJY &Saubhagya Scheme	IPDS	*Smart Grid	TOTAL
Opening Balance	19,318	13,554	279	33,151
Grant Received	60,756	6,868	0	67,624
Interest Received	522	106	15	643
Grant Utilized	61,211	19,753	0	80,964
Interest Paid to MoP	451	245	24	720
Balance to be Utilized	18,934	530	270	19,734
FD Amount (Canara Bank)	18,934	530	270	19,734

20) Conversion of Loan into Grant under RAPDRP Scheme (Part 'A' and Part 'B')

Ministry of Power, Government of India, had launched the Restructured Accelerated Power Development and Reforms Programme (RAPDRP) in July 2008 with focus on establishment of base line data, fixation of accountability, reduction of Aggregate Technical & Commercial losses (AT & C losses) upto15% level. Projects under the scheme were taken up in two parts.

RAPDRP Part A

RAPDRP Part A is implemented in 128 towns where the Company undertakes distribution, with population of more than 30,000 as per Census 2001 and RAPDRP Part A SCADA (Supervisory Control And Data Acquisition)is implemented in 8 towns where population is more than 4 Lakhs as per Census 2001 and Annual Energy input greater than 350 Million Units.

Initially 100% funds for the approved projects are provided through loan from the Government of India on the terms decided by Ministry of Finance. The loan is to be converted into grant on completion of project duly verified by an independent agency.

RAPDRP Part B

RAPDRP Part B is implemented in 123 towns (120 Part Band 3 towns SCADA enabling component) of MSEDCL with Population more than 30,000 as per Census 2001 and AT&C loss greater than 15 %.

50% of the loan amount of Part B projects is to be converted into grant on reduction of Aggregate Technical and Commercial (AT&C) losses of each town below 15 % and as per stipulated conditions.

(Rs in Lakhs)

Particulars	RAPDRP Part B
Sanctioned Amount	3,11,164
Final Project Cost	2,23,476

Eligible amount for conversion into grant i.e. 50 % of the Project Cost in proportion to the reduction in the AT&C losses

The Status of Sanction Loan Amount and Disbursed is as under:

(Rs in Lakhs)

Particulars	Sanctioned Loan Amount	Disbursed Amount	Undrawn Amount	Total Repayment	Total Loan Outstanding
R-APDRP(A)	26,009	22,618	3,391	13,480	9,138
R-APDRP SCADA (A)	11,657	7,384	4,273	5,538	1,846
R-APDRP (B)	76,931	55,606	21,325	6,717	48,889
R-APDRP SCADA (B)	867	592	275	46	546
TOTAL	1,15,464	86,200	29,264	25,780	60,419

Final RAPDRP Closure amounting to Rs 22,618 Lakhs has been approved by PFC/MOP. The conversion of Loan amount into grant is recommended in 13th Monitoring Committee Meeting Dt. 18.10.2018. In this context, PFC has not been sending the Demand against R-APDRP (Part-A) Loans to MSEDCL and as such presently no repayment is made since Sept 2017. Further, no interest on this loan has been accounted since Sept 2017 and the interest amount already paid till that date is adjusted against the loan repayment. The necessary adjustment and consequential impact will be taken in the financial year in which conversion of loan into grant is approved. The eligible amount of Rs 22,618 Lakhs under R-APDRP Part A is expected to be converted into grant after acceptance of the reports submitted to Third Party independent Agency appointed by PFC.

21) Contribution to Contingency Reserve:

As per MYT Regulation No 34.1, MSEDCL is required to make contribution to the Contingency Reserve, a sum not less than 0.25 per cent of the original cost of fixed assets annually. Such contribution is also required to be invested in securities permitted under the Indian Trusts Act, 1882 within a period of six months of the close of the year.

MSEDCL has created Contingency Reserve amounting to Rs 1,09,976 Lakhs (including Rs 14,276 Lakhs during the current year). Out of this Rs 57,700 Lakhs (PY Rs 57,700 Lakhs) is included under Other Equity and Rs 52,276 Lakhs (PY Rs 38,000 Lakhs) is included under Other Current Liabilities. MSEDCL has invested Rs 31,370 Lakhs up to March 2020 (PY Rs 18,573 Lakhs) in the permitted securities.

22) Refund of Regulatory Liability Charges:

In F.Y. 2003-04 to 2006-07 Regulatory Liability charges were collected from the consumers, MERC had passed an order to refund an amount of Rs 3,22,700 Lakhs to the consumers. The Company has refunded Rs 3,12,394 Lakhs upto 31.03.2020 (PY Rs 3,12,217 Lakhs). No provision has been made for the balance amount.

23) Capital Management:

The Company's objective of capital management is to safeguard its ability to continue as a going concern and to maintain an appropriate capital structure. The company endeavours to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and availing loans at reasonable rates from financial institutions.

For the purpose of the company's capital management, equity capital includes issued equity capital and all other reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders.

The company monitors capital using gearing ratio, which is the ratio of long term debt to total net worth. The company includes within long term debt, interest bearing loans and borrowings and current maturities of long term debt.

The Capital Gearing Ratio is as under;

(Rs in Lakhs)

Particulars	**As at 31.03.2020**	**As at 31.03.2019**
(a) Debt	33,11,466	28,63,401
(b) Total Equity	22,12,447	21,80,708
Gearing Ratio (a/b)	**1.50**	**1.31**

24) Disclosure as per Ind AS 115, "Revenue from contracts with customers"

Ind AS 115 applies with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The major revenue of the Company comes from energy sales. The Company sells electricity to customers. The Company recognizes revenue from contracts for energy sales over time as the customers simultaneously receive and consume the benefits provided by the Company. Revenue from sale of energy is accounted for based on tariff rates approved by the MERC. Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiary. Beneficiaries are billed on a periodic and regular basis. Therefore, transaction price to be allocated to remaining performance obligation cannot be determined reliably for the entire duration of the contract.

Disaggregation of revenue

(Rs in Lakhs)

Particulars	**For the year ended**	
	31 March 2020	**31 March 2019**
Sale of Energy transferred over time	73,14,296	72,74,884

Reconciliation of revenue recognized with contract price:

(Rs in Lakhs)

Particulars	**For the year ended**	
	31 March 2020	**31 March 2019**
Revenue from Contract with consumers	73,48,020	73,03,632
Adjustments for:		
Prompt Payment Discount	33,725	28,748
Revenue recognized	73,14,296	72,74,884

Contract balance

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are transferred to unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. The contract liabilities primarily relate to the advance consideration received from the customers who are referred as "advance from customers".

The following table provides information about trade receivables and unbilled revenue:

(Rs in Lakhs)

Particulars	**As at 31st March 2020**		**As at 1st April 2019**	
	Current	**Noncurrent**	**Current**	**Noncurrent**
Trade receivables	39,45,989	-	30,06,095	-
Unbilled revenue	1,18,370	-	2,19,613	-

Practical expedients applied as per Ind AS 115:

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

25) Statement of Net Assets and Profit and Loss attributable to Owners and Non-Controlling Interests:

(Rs. In Lakhs)

Statement of Net Assets and Profit and Loss attributable to Owners and Non-Controlling Interests for F.Y 2019-20										
Name of the Company	**Net Assets (Total Assets minus Total Liabilities)**		**Total Income i.e. Revenue Plus Other Income**		**Share of Profit & Loss**		**Other Comprehensive Income**		**Total Comprehensive Income**	
	As % of Consolidated net Assets	**Net Assets**	**As % of Consolidated net Assets**	**Net Assets**	**As % of Consolidated net Assets**	**Net Assets**	**As % of Consolidated net Assets**	**Net Assets**	**As % of Consolidated net Assets**	**Net Assets**
Parent Company										
MSEDCL (Holding Company)	100	2212921	100	8220488	100	30723	100	(12056)	100	20773
APCL (Subsidiary Company)	--	619	--	1	--	--				
	**		**		**	*				
Non-Controlling interest	--	--								
Total	**100**	**2213540**	**100**	**8220489**	**100**	**30723**	**100**	**(12056)**	**100**	**20773**

*Less than Rs. 100,000/-

**Less than 0.01%

(Rs. In Lakhs)

Statement of Net Assets and Profit and Loss attributable to Owners and Non-Controlling Interests for F.Y 2018-19

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Total Income i.e. Revenue Plus Other Income		Share of Profit & Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated net Assets	Net Assets	As % of Consolidated net Assets	Net Assets	As % of Consolidated net Assets	Net Assets	As % of Consolidated net Assets	Net Assets
Parent Company										
MSEDCL (Holding Company)	100	2181183	100	8559560	100	109963	100	(25089)	100	84574
	**		**		**	*				
APCL (Subsidiary Company)	--	619	--	1	--	--				
Non-Controlling interest	--	--								
Total	**100**	**2181801**	**100**	**8559561**	**100**	**109963**	**100**	**(25089)**	**100**	**84574**

*Less than Rs. 100,000/-

**Less than 0.01%

26) Change in Accounting Policy: Supervision Charges

In case MSEDCL permits the consumer to carry out the works on Dedicated Distribution Facility (DDF) basis, through a Licensed Electrical Contractor, the supervision charges are recovered at a rate of 1.3% of the normative service connection charges.

As per the prevailing accounting Policy 1.3% Supervision charges are credited to Consumer Contribution towards cost of Capital assets and it is credited to profit and loss in systematic manner over the expected life of the related assets and presented within other income. The Company has credited supervision charges of Rs 15,204 Lakhs to Consumer contribution under other Current/ Non-current Liability and credited Rs 5,685 Lakhs to Profit and Loss account in Other Income till 31st Mar 2019.

Considering Supervision of construction of Assets as service provided by the Company, the same should have been recognised as Revenue instead of Crediting to Consumer Contribution towards Cost of Capital Assets. It is error in applying Accounting Policy.

Therefore, the Company has recognised supervision charges as Revenue in other Operating Revenue from FY 2019-20.

As per the Company policy, the prior period errors below threshold of 0.5% of the turnover of company are accounted for in the current year under the Materiality concept.

Accordingly, in FY 2019-20, Supervision Charges of Rs 9,519 Lakhs till 31.3.2019 and Rs 2,757 Lakhs for FY 2019-20 are recognised as Revenue in Other Operating Revenue. The Consumer Contribution towards cost of Assets is reduced by the Rs 12,272 Lakhs in FY 2019-2020.

27) Change in Accounting Estimates:

In accordance with, Ind AS 8' Accounting Policies, Changes in Accounting Estimates and Errors', the company has prospectively stated its balance sheet as at 31st March, 2020 and statement of profit & loss account and statement of cash flow for the year ended 31st March 2020 for the Change in Estimates in respect of Expected Credit Loss (ECL) on Trade Receivables including interest. Based on past experience and practical expedient, segmentation of customers and their ageing profile, company has revised ECL Matrix for determining for credit loss on trade receivable and interest on trade receivable.

If ECL had been recognised as per methodology adopted till the preceding year, profit for the year would have been lower by Rs 1,94,342 Lakhs.

The effect of Change in Accounting Estimates in future is impracticable.

28) Corporate Social Responsibility (CSR): MSEDCL, in the past 3 successive years has been able to generate a book profit and in pursuance to CSR policy provisions mandated in section 135(5) the Companies Act, 2013 is required to spend at least 2% of the average net profit of the Company made during the three immediately preceding financial years.

As such Company is required to spend Rs 1,726 Lakhs towards CSR. The amount spent towards CSR till 31st March 2020 is NIL.

29) LMC/LMR Fund: Considering the critical situations arising an account of demand supply gap and submissions made by authorized consumer representatives, the MERC decided to take emergent measures to curb electricity demand and vide order dated 26 April 2005 directed to levy Load Management Charges (LMC) and Load Management Rebate (LMR) to consumers.

As per the order a 'Load Management Charges' shall levied on all electricity consumers in Maharashtra (including Mumbai) whose consumption exceeds 500 units per month in the billing months of May and June,2005. These charges will be levied at the rate of Rs 1 per unit for the electricity consumed in excess of 80% of the consumption recorded in the corresponding billing months of 2004. Similarly, those whose consumption is less than 80% as compared to the corresponding period in 2004 will be given a 'Load Management Rebate' of 50 paise per unit. This Charge and Rebate will be applicable to all metered consumers. The net amount recovered from the Charge/Rebate will be kept separately by the Licensees to be used for energy conservation and other programmes, for which separate instructions will be issued.

Accordingly MSEDCL levied LMC/LMR to the consumers in the bills for the month May and June-2005. MSEDCL thus collected Rs 2,430 Lakhs, which is net of LMC/LMR this fund will be utilized for energy conservation or any other such program as per the instruction of MERC in due course.

30) Prior Period Items

Under Ind AS 8' Accounting Policies, Changes in Accounting Estimates and Errors' material prior period errors shall be corrected by retrospective effect. MSEDCL has not income / expenditure (Net) pertaining to previous year, more than the threshold limit.

31 Disclosure as per Ind AS 1 'Presentation of financial statements' :

Reclassifications and Comparative figures:

Certain reclassifications have been made to the comparative period's financial statements to:

- Enhance comparability with current year's financial statements
- Ensure compliance with the Guidance Note on Division II – Ind AS Schedule III to the Companies Act, 2013"

As a result, certain line items have been reclassified in the Balance Sheet, Statement of Profit and Loss, the details of which are as under:

Note 54 (31)

(Rs. In lakhs)

Reclassification of Balance sheet as at 31st Mar 2019					
Sr. No.	**Particulars**	**Note No.**	**Reported Amount as at 1st April 2019**	**Reclassification**	**After Reclassification**
1	**PROPERTY, PLANT & EQUIPMENT**	3	61,04,007		61,03,791
	(-)Deposit with court authoity-Baramati			216	
2	**OTHER FINANCIAL ASSETS - NON CURRENT**	6	73,869		72,885
	(+)Deposit with court authoity-Baramati			216	
	(-) Provision for doubtful deposits			1,200	
3	**OTHER FINANCIAL ASSETS - CURRENT**	13	9,86,878		9,86,097
	(-) Provision for Doubtful Adavnce			780	
4	**OTHER NON-CURRENT LIABILITIES-NON CURRENT**	20	9,34,628		9,18,906
	(-)Consu Contribution for cost of Capital Asset -CRB			15,722	
5	**OTHER FINANCIAL LIABILITIES - CURRENT**	23	19,11,043		20,32,176
	(-) Provision for doubtful deposits			1,981	
	(+)Consu Contribution for cost of Capital Asset -CRB			15,722	
	(+) Liability for expenses			82,016	
	(+) Provision for Expenses O&M			20,778	
	(+) Provision for Expenses Capital			1,363	
	(+) Provision for liability for expenses incurred by staff			3,235	
6	**Provision (Current)**	24	5,35,367		4,27,975
	(-) Liability for expenses			82,016	
	(-) Provision for Expenses O&M			20,778	
	(-) Provision for Expenses Capital			1,363	
	(-) Provision for liability for expenses incurred by staff			3,235	
7	Other Current Liabilities	25	2,51,330		2,51,330
	(+) Other Current Liabilities			0.11	

(Rs. In lakhs)

Reclassification of Profit & Loss for FY 2018-2019

Sr. No.	Particulars	Note No.	Reported Amount as at 1st April 2019	Reclassification	After Reclassification
1	**Revenue from Operations**	27	73,21,076		73,21,067
	(-) Incentive to prepaid Consumers			1	
	(-) Go Green Discount to Consumers			9	
2	**Repairs & Maintenance**	31	76,449		76,489
	(+) Job Work Chrges			41	
3	**Admin and General Exp**	32	77,088		77,079
	(-) Incentive to prepaid Consumers			1	
	(-) Go Green Discount to Consumers			9	
4	**Finance Expenses**	33	**4,83,298**		**4,83,257**
	(-) Job Work Chrges			41	

32) Recent Accounting Developments

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to existing standards. There is no such notification which would have been applicable from 1st April 2020.

33) Covid-19:

Considering power supply being an essentials service, the Company has continued to supply power during the period of lockdown imposed by the Government to combat COVID-19. Power demand was affected significantly due to the lockdown, as industrial and commercial establishment were shut down across the nation. This reduction in demand had an impact on revenue of the Company, during the last week of March 2020. The company also faced cash flow shortages due to its inability to collect dues from customers during the lockdown period. However, the Government has ensured through proactive steps that the liquidity of power distribution companies does not get affected adversely. The recently announced financial packages, which aim to provide liquidity to DISCOMs by lending against their receivables, are also expected to ease the transmission of cash flow in the power sector. The company is also taking necessary steps to ensure adequate liquidity through the period of lockdown and for the rest of FY 2020-21.

Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal instalments payable to banks and financial institution till May 2020. This has mitigated the stress on cash flows to some extent during the period of COVID-19. On long term basis also, the Company does not anticipate any major challenge in meeting its financial obligations. Basis above, the management has estimated its future cash flows for the Company which indicates no major change in financial performance as estimated prior to COVID-19 impact and hence, the company believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.

In view of Covid 19 pandemic and restrictions on fund disbursement, The GoM vide GR No. Budget2020/Pra.Kra.36(5)/Urja3 dt 31.03.2020 has deferred the disbursement of grant earlier approved for CM solar Rs 5,262 Lakhs and HVDS Rs7,920 Lakhs and as such the same is not accounted for as receivable from GoM.

The Company every year carries out physical verification of inventory at the end of financial year and effect of any excess or shortage observed in the verification is appropriately taken in the accounts. However, in the current year due to imposition of lockdown & restriction on mobility, the physical verification of only 354 locations could be done before March 2020 and of 375 locations could be done in June & July 2020. The physical verification of inventory of 82 locations could not be done. Considering less movement during lockdown period, the entire effect of excess/ shortage has been considered in FY 2019-20.

34- Borrwings Non-Current

Details of Terms of Repayment for the Long Term Borrowings and Security provided in respect of the Secured and other Long term Borrowings :

Particulars	Outstanding amount (Rs in Lakhs) as on 31.03.20	Rate of Interest (%)	Repayment Period from the start date	Moratorium period included in the period of maturity at (4)	Security offered
1	**2**	**3**	**4**	**5**	**6**
A) Secured - at amortized cost					
Term Loans					
(I) From Banks					
State Bank of India	3,97,528.42	1 Year MCLR + 90 bps	2 Years	3 Months	(Secured against first & exclusive charge on Trade Receivables (only HT Consumers) of Designated 10 Circles)
State Bank of India *	4,73,170.90	1 Year MCLR + 55 bps	5 Years	6 months	
	8,70,699.32				
(II) From Financial Institutions *					
(i) Rural Electrification Corporation	21,57,419.56	Loans taken from REC and PFC carry an interest rate ranging from 8.64% to 11.25% p.a. alongwith rebate thereon ranging from 25 bps to 155 bps as applicable for the respective loans approved for various schemes.	3 to 15 Years	6 Months to 5 Years	In case of Long Term Loan, Hypothecation of asset created out of these loans/existing assets and escrow coverage. In case of Medium Term Loan, Corporate Guarantee of MSEB Holding Co. and escrow coverage.

(ii) Power Finance Corporation	2,49,626.00		10 to 20 Years	2 to 5 Years	
* (includes loan against Regulatory Asset)					
	24,07,045.56				
Sub-total (A)	**32,77,744.88**				

B) Unsecured - at amortized cost					
(I) from banks					
District Central Cooperative Banks Limited	32,277.78	8.00-9.00	1.5 years	6 Months	Post Dated Cheques and Promissory Note
(II) From other parties					
(a) State Government loans - GoM	1,443.35	10.50	10 to 20 Years	NIL	
Sub-total (B)	**33,721.13**				
TOTAL (A+B)	**33,11,466.01**				
NOTE : Outstanding amount includes the current maturities of long term loans					

Particulars	Outstanding amount (Rs in Lakhs) as on 31.03.19	Rate of Interest (%)	Repayment Period from the start date	Moratorium period included in the period of maturity at (4)	Security offered
1	**2**	**3**	**4**	**5**	**6**
A) Secured - at amortized cost Term Loans (I) From Banks					
State Bank of India	54,973.42	1 Year MCLR + 90 bps	2 Years	3 Months	(Secured against first & exclusive charge on Trade Receivables (only HT Consumers) of Designated 10 Circles)
State Bank of India *	4,00,000.00	1 Year MCLR + 55 bps	5 Years	6 months	
Sub-total	**4,54,973.42**				
(II) From Financial Institutions		Loans taken from REC and PFC carry an interest rate ranging from 10.50% to 11.5% p.a. alongrwith rebate thereon ranging from 75 bps to 255 bps as applicable for the respective loans approved for various schemes.			Hypothecation of asset created out of these loans and escrow coverage.
(a) Rural Electrification Corporation	19,26,300.05		3 to 15 Years	6 Months to 5 Years	
(b) Power Finance Corporation	4,35,739.53		3 to 20 Years	1 to 5 Years	
Sub-total	**23,62,039.58**				
Sub-total (A)	**28,17,013.00**				

B) Unsecured - at amortized cost **(I) from banks** District Central Cooperative Banks Limited	44,388.89	8.00-9.00	1.5 years	6 Months	Post Dated Cheques and Promissory Note
(II) From Others State Government loans - GoM	1,999.39	10.50 to 11.50	10 to 20 Years	NIL	
Sub-total (B)	**46,388.28**				
TOTAL (A+B)	**28,63,401.28**				
NOTE : Outstanding amount includes the current maturities of long term loans					

34) The Consolidated Financial Statements were authorised for issue in accordance with a resolution passed by the Board of Directors on 28th Dec, 2020.

As per our report of even date

For and on Behalf of Board

For SPCM & Associates
Chartered Accountants
Firm Registration Number: 112165W

Sunil Pimpalkhute
Director Finance & CFO
(DIN: 01915725)

Dinesh Waghmare
Managing Director
(DIN:01843097)

CA Suhas P. Bora
Partner
Membership Number : 039765
UDIN: 2103976AAAAER3376

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Pune
Date : 06/05/2021

Place : Mumbai
Date : 06/05/2021

MSEB HOLDING COMPANY LIMITED

(Govt. of Maharashtra Undertaking)

REGISTERED OFFICE :

Hongkong Bank Building, 3rd & 4th Floor,

Mahatma Gandhi Road,

Fort, Mumbai - 400 001.

(CIN : U40100MH2005SGC153649)